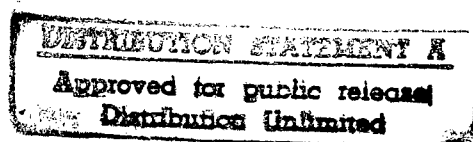


JPRS-EER-91-062  
8 MAY 1991



# ***JPRS Report***



# **East Europe**

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NATIONAL TECHNICAL INFORMATION SERVICE  
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# East Europe

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## CZECHOSLOVAKIA

### President Havel Receives Senator Lugar

LD3004081591 Prague CTK in English 2140 GMT  
29 Apr 91

[Text] Prague April 29 (CTK)—Czechoslovak President Vaclav Havel received today U.S. Senator Richard Lugar of the Senate Foreign Relations Committee, who said both President Havel and Czechoslovakia as a whole are very popular in the United States.

According to Havel's spokesperson Michael Zantovsky, Lugar praised Czechoslovakia for its small but significant role in the military operations in the Persian Gulf region.

European security was also discussed as Havel spoke about the Czechoslovak approach to issues of European security and its intention to enter eventually the European Community.

Havel informed Lugar about the current domestic political situation, the transformation of society and some of the problems associated with economic reform and conversion of the Czechoslovak arms industry.

Lugar was then received by Foreign Minister Jiri Dienstbier for discussions on the possibilities of U.S. aid in implementing the economic reform program.

### Havel's Model of Federation Assessed

91CH0495B Prague RESPEKT in Czech 31 Mar 91  
pp 2-3

[Article by Martin Weiss: "The Federal Model"]

[Text] There is talk of a functioning model of the federation. Its minimal technical preconditions have been described lucidly, for instance, by Karel Kuhn in this year's first issue of PRITOMNOST: a common head of state, common foreign policy, common armed forces and defense, a common currency that includes also the principles of fiscal, economic and competition policy, and a common tax system. Without powers in these areas, the federation would become a mere simulation that did not even have to fall apart formally. "This could assume a form such that there might be talk of a federation, but there would be two governments: one in Bohemia, and the other in Slovakia," says Karel Dyba, a minister of the Czech government. To prevent that from happening, it is necessary to say more than just that the federal organs have such and such powers. In legislation it is necessary to avoid the formulation "will be determined by the Federal Government, in agreement with the governments of the republics." And most of all it is necessary to state unambiguously that the powers assigned to the Federal Government are not possessed by anyone else. But these are merely technical criteria. The Federal Government must have natural authority. And not even the best possible functioning model can lend the Federal Government such authority.

### Community of Shared Values

Legitimate authority exists only within a certain community. Something that transcends the values of mere citizenship, but does not conflict with them, has to bind the inhabitants of any state. With a degree of simplification, that binding ingredient is said to be in the case of France, for instance, primarily that country's culture; in Britain, its history; and in the United States, the shared values on which the United States was founded. Such a community that maintains a state, and for which the state has meaning, is called a *nation* in English. That this word does not lend itself to translation into Czech or Slovak as *narod* [nation in the ethnic sense] is evident from the example of the United States where the member of any ethnic nation can become an American. But in Central Europe the word *narod* conveys a somewhat mystical suggestion of consanguinity. Nationalists, convinced of their own uniqueness, often jealously monitor the image of their nation [in the ethnic sense] as foreigners see it. That is a rather thankless job: In scores of capitals there are statues of honored national heroes, about most of whom the rest of the world could not care less.

When an Anglo-Saxon intellectual wants to indicate how foreign this romantic concept of nation is to him, he uses the German word *das Volk* [a people, nation, race] instead. Such a federal *Volk* does not exist in our country, in that the Slovak side is entirely right. On the basis of shared experiences there can evolve only a Czechoslovak political nation. Among our shared experiences, however, the emphasis today is mainly on the unpleasant ones.

### Federation as a Service

No wonder, therefore, that whenever Slovak politicians add something new to the federation, it always smacks of confederation. In specified spheres, the federation exercises its authority over citizens directly, and they in turn send their elected representatives to the federal organs, with the understanding that the representatives will be making decisions for the entire federation. A confederation, on the other hand, exercises its authority over citizens only indirectly, through the governments of the individual states. A treaty between sovereign states is a step specifically in that direction.

NEZES, the Independent Association of Slovak Economists, is advocating confederal principles in the economy. "We do not regard as either economically or politically warranted the creation of the federal budget's own sources of revenue, based on federal taxes. The existence of three state budgets when there are two national states does not meet the conditions of authenticity...." If Vladimir Meciar claims ignorance of NEZES, he probably does not know his own cabinet well enough; his minister of privatization, A.M. Huska, prepared one of the expert opinions of that association.

In his proposed constitution, President Havel has presented a blueprint for making the republics assume

responsibility for the federation. Elections would be to a unicameral Federal Assembly. The Federal Council would function as a sort of senate in which the constitutional officeholders of the individual republics would meet. But if the politicians lacked sufficient will, that construction would not necessarily strengthen the federation. The politicians on the Federal Council would be responsible to their constituents mainly for their primary functions in the republics; on the Federal Council they would be representing mostly republican institutions. If we add to that the suspension of majority rule in the federal parliament's single, directly elected chamber, the federal legislature would come close to being some kind of arbitration board of the nations. In one of his statements Vaclav Havel himself used the term "Czechoslovak political nation," which met with disfavor in Slovakia. In his blueprint for a constitution, he appears to have discounted somewhat the existence of such a nation.

### Czech Impotence

The Czech political scene did not dare to question the two-nations principle of the federation, and now belatedly finds itself caught in the Trencinska Teplice trap. The law on power sharing comes close to being a "functioning model" and could serve as one if both sides wanted a real federation. Czech and federal elected officials realized too late that Vladimir Meciar had something else in mind. If the course of the negotiations had not been kept secret, perhaps somebody else might have recognized this in time. We will discuss the consequences in another article.

The elected representatives of the Czech Republic recognize the sovereignty of Slovak politics and negotiate with anyone whom the local scene elevates to the top. They can then plead the need to return into Europe jointly, express their support for the more liberal Slovak politicians, and persuade the more nationalistic ones that one central bank is enough and that perhaps the Slovak constitution should not begin with the words: "We, the Slovak nation." But the overall impression is one of skepticism: "In my opinion, Meciar will retain power, which means that our political and economic scene will become even less similar, and we can expect further tensions and conflicts," says Petr Prihoda, Prime Minister Pithart's spokesman.

### Betting on a Federal Nation

Vaclav Klaus unfolds another possibility. He proposes a federal state based on a regional principle. And because that is not acceptable to "visible Slovakia," he has to help build a political force there that will support the mentioned principle. What is he able to offer the Slovaks? Fewer oriental lies in politics, but also less national sovereignty, fewer seats in the United Nations and Europe as well as tougher economic reform, although with the understanding that the federation would subsidize Slovakia if that became necessary.

This political move also assumes the existence in Slovakia of a silent majority that would support this policy, but so far has lacked articulation and leadership. Which is the same reasoning that led the finance minister to enter Czech politics. But to come to Slovakia with such an idea is twice as bold. For it implies that the Slovak nation has not been able to create an adequate political scene for itself.

For the time being, the Civic Democratic Party in Slovakia has only a few [local] committees set up, and its total membership runs in the order of hundreds. Without a party newspaper, and with access to the government-controlled radio and television networks blocked, it will not be easy to build a political organization that would not stand or fall with the person of Vaclav Klaus. That is a risky step, about as risky as military intervention against Iraq was for the United States. What finally decided the Americans was that their losses later could be much greater.

This project can be interpreted as a manifestation of Klaus's insatiable hunger for political power. But it can also be perceived as a bet that Slovak and Czech civic values are the same, a bet that a Czechoslovak nation does exist. And that is a worthwhile experiment. For if such a nation actually does not exist, then neither can the Czechoslovak federation. Merely its model can exist.

### New UN Committee May Be in Bratislava

*AU3004133591 Prague CTK in English  
1440 GMT 25 Apr 91*

[Text] Bratislava April 25 (CTK)—Church Lewis and Yves D'San of the UN Development Program (UNDP) and Slovak officials have discussed plans for establishing a UN committee to assist Central and East European countries in their efforts to privatize state property.

Slovak Government Office staffer Pavol Lancaric told CTK the UN project includes Bulgaria, Hungary, Poland, Romania, Yugoslavia, and Czechoslovakia.

Lancaric said Bratislava could become the seat of the permanent secretariat of the committee whose constituent meeting is scheduled to take place in Budapest in mid-June.

### Tolerance of Slovak Extremism Questioned

*91CH0495A Prague RESPEKT in Czech 31 Mar 91 p 2*

[Article by Ivan Lamper: "The Czecho-Slovak Disease of Silence; Frantisek Miklosko: 'We Cannot Remain Silent About the Prime Minister's Wanting To Liquidate Us'"]

[Text] On 5 March 1991, at the session of the Slovak National Council, Prime Minister Meciar asked a certain member of his cabinet team and now an activist of the VPN [Public Against Violence]: "How much do you weigh, Colleague?"

"Eighty kilograms, Prime Minister."

"I see. Then to me you are 80 kilograms of shit."

A few days later, the same prime minister addressed his fellow citizens through the news agency CTK: "I turn to all of you with the request that you act calmly and with dignity. Let us demonstrate to ourselves and to Europe even in these moments our statesmanly discretion and proverbial cultural level."

Then V. Meciar left for Moscow where, on the 52d anniversary of the independent Slovak state's formation, he held talks on another rescue of Slovakia. Upon his return, he said: "The room is smoke-filled. It is necessary to ventilate." Not a bad idea, if carried to its conclusion.

### Secret of His Success

The obscure legal counsel of the Skloobal Enterprise in Nemsova, and subsequently the Slovak Republic's interior minister after the revolution, enhanced Czecho-Slovak cultural standards and statesmanly discretion in a truly unpredictable manner. He demonstrated that a politician can lie, renege on his deals, blackmail and offend members of his cabinet, tell the parliament to go to hell, and shout publicly at a critical television commentator, "I will kick your ass apart, you swine,"—all without causing even the slightest scandal. The secret of his success was simple. During all this it sufficed for him to point behind his back and ask, "Would you prefer them to be in power?" Next to the entirely and clearly separation-oriented characters from Carnogursky's KDH [Christian Democratic Movement] or Moric's SNS [Slovak National Party], the "self-proclaimed federalist" Meciar indisputably did seem the lesser evil. Therefore the federation's elected representatives decided to tolerate his machinations, "in the interest of preserving the common state." Not to dramatize them, to use an expression that is now in vogue. The VPN, too, announced the same strategy. Practically until the Topolcany meeting, the urgent refrain in debates with profederation Slovak politicians was: Do not criticize Meciar, because by doing so you would be merely playing into the hands of our extremists. In a way that was by no means negligible, Prime Minister Pithard of the Czech Republic also entered into the play with his occasional television statements about the need for strong republics, about his excellent working relations with his Slovak counterpart, and about the Slovak nation's distinct soul that must be understood.

### Another Civilization

The success of this policy has been accurately measurable for some time: In the haze of soothing statements and "sensible compromises," we have reached the very tolerance limit of Czecho-Slovak coexistence. What I have in mind is not just the power-sharing mess that has practically paralyzed vital aspects of the state's functioning (economic reform, security, etc.) Nor even the monotonous "Enough of Prague." The absolutely fundamental problem is the rapidly widening gap between the political and economic cultures of the two Republics.

Under the ideological supervision of a decisive proportion of Bratislava's political elite, or in response to its direct inspiration, another civilization is emerging in Slovakia. A civilization which publicly honors a war criminal in its squares, and in which the prime minister, when he runs out of arguments, threatens his opponents with "the will of the people."

### Silence Is Acquiescence

It is one of the Federal Government's indisputable mistakes that it has not tried to stop this process immediately at its inception, rather than paving its way by remaining silent. That the VPN cannot control the prime minister and is simply unable to prohibit his destructive populism should have been clear to the "feds" at least since the brawl over the language law. Naturally, the testimony of participants who tell us now how V. Meciar had lied from the speaker's platform on such and such occasions is very revealing. But the question arises as to why nobody responded publicly to his attempts at intentional disinformation immediately after they were made? Why did the VPN spokesman not reveal to us already when it started to become timely that their prime minister was systematically engaged in creating a "federal enemy"? If Fedor Gal tells us today that in politics there exist certain moral limits that cannot be transgressed, that sounds very nice but comes a bit late. Because from the suddenly available information it follows that the Slovak prime minister transgressed those limits clearly and repeatedly in the course of his skyrocketing career, with the tacit acquiescence of F. Gal and a number of other personalities on the political scene. His colleagues ceased to cover up for V. Meciar only when he unveiled his concept of power at the Topolcany meeting. Only then did at least a part of the VPN arouse itself from its lethargy (see Miklosko's legendary statement: "We cannot and will not remain silent about his wanting to liquidate us") and attempt to return to the civilized norms of political life. But, in my opinion, that promises to be a very difficult return, to say the least. By all signs, Prime Minister Meciar is playing for fairly high stakes, and during the months of uncontrolled power he has strengthened his political base considerably. At the end of last week, incidentally, he said openly on television: "I know that if I were to turn to the workers, they would support me and might choose even extreme means of support. But I ask myself, Do I have a right to do that? I know I could do it, yet I will not do it."

### Socialism in Jeopardy

In a commentary for the No. 11 issue of RESPEKT, M. Zitny clearly identified the orientation of Meciar's "platform" as leading toward a leftist or Nazi coup. That diagnosis provoked a storm in Bratislava, but none of the indignant politicians has contradicted the gist of Zitny's text or the important specific facts in it. In the flood of disclaimers, threats and protests, the news agency report was nearly overlooked: Prime Minister Pavlov of the

USSR suggested to V. Meciar that his government harmonize its economic and legal mechanisms with the norms applicable in the Soviet Union. The Slovak prime minister accepted this "pioneering suggestion."

To this press report we should add the information contained in Slovak intelligence reports, with which Slovak Interior Minister Pittner (KDH) acquainted RESPEKT's correspondent last Wednesday. When asked whether the appropriate authorities had uncovered any details about the 14 March fascist meeting on SNP [Slovak National Uprising] Square, Mr. Pittner replied: "I do not exclude the possibility that, in addition to former members of State Security and chauvinistic Czechs, also foreign sponsors may have participated in organizing that demonstration; namely, the foreign sponsors who already last year had an interest in the painting of anti-Semitic slogans in Slovakia. In the Intelligence Service we had indications that Western intelligence services were financing those slogans, in order to destabilize the situation here." And when asked what could have been the purpose of such activity, Pittner said: "Why would Western capital not be interested in buying factories in Czechoslovakia cheaply? And when would it buy them? When there is disorder here to scare away other prospective buyers. After all, we are in our Western neighbors' sphere of interest." (For details, see the article "Slovakia Brewing" on page 7—Editor.)

The mixture that is formed when pioneering willingness to adopt Soviet "mechanisms" combines with State Security language of the early 1950's is very explosive, as we very well know. For the possibility is not excluded that, if Slovak politics continues in the direction in which it is now heading, we may yet live to see "people's" courts set up in Bratislava to try traitors in the pay of foreign, probably Jewish, centers of ideological subversion.

### Out With the Jews

Practically since the dispute over hyphenation, Czech and Slovak optimists have been claiming that the social scene in Slovakia is being stirred up by an insignificant group of extremists, from whom the "silent majority" of decent people is definitely distancing itself, albeit silently. After a year of intensified effort to achieve equality in the coexistence of our nations, we are surprised to find suddenly that the "insignificant tiny group" comprises huge crowds, has strong political support, is represented in the parliament, and has a clear program. One point of that program is "Czechs Back to Prague on Foot"; and another point reads "Out With the Jews."

On 14 March, a tiny group of about ten thousand extremists succeeded in setting two records simultaneously: it held a fascist and anti-Semitic meeting that,

for the first time in the postwar history of Czechoslovakia, was led by a deputy of the Federal Assembly; and at the same meeting it nearly succeeded in lynching the president of the republic.

Although the police simply broke down during that incident, neither the responsible minister nor the police chief of Bratislava has had to resign. To the contrary, Slovak National Council Chairman Miklosko even commended selected members of the police force "for having successfully mastered a difficult situation." (Incidentally, according to the logic of present developments, the current cops really deserve a commendation. If they did not do anything else, they at least refrained from joining the attackers.)

The reality, then, reads as follows: In one of the capitals of our federal republic, on a fascist holiday, crowds of people assembled who promoted their national demands by shouting slogans of the following type: "Out With the Jews," "Jewish Swines," etc. That in itself should have been enough, but the scandalous event had perhaps an even more scandalous ending: Everything is shrouded in almost complete silence. Without any noticeable alarm, the Czechoslovak political, intellectual and cultural elite has allowed the fact to pass that once again (after two score and some years) the greatest imaginable insult is to call someone "You Jew"! If we compare the domestic reaction with the recent attitude to fascist tendencies in France, for instance, then there is nothing further to be said. Although P. Prihoda, the Czech government's spokesman, did say that "primarily Slovak society must find antibodies within itself," we are able to accept that argument only with difficulty. For the national indifference toward the aggression and racism of the so-called separatists has demonstrated that, for the time being, the basic defense mechanisms are lacking, in Prague as well as below the Tatra Mountains. And there are no "powers" to be shared to overcome that mental deficiency.

## HUNGARY

### Parliamentary Body Founded Against Anti-Semitism

LD2404231191 Budapest MTI in English 1414 GMT  
24 Apr 91

[Text] Budapest, 24 April (MTI)—The Hungarian branch of the Interparliamentary Council against Anti-Semitism was founded in Budapest on Tuesday. In a Wednesday press conference held during the interval of the parliamentary session, some founders spoke about the council's activity and the branch's goals.

Tamas Raj, an MP of the Alliance of Free Democrats who initiated the branch's foundation, said that the London-based council, set up last June, was exclusively composed of parliamentary deputies. The forty founding members of the Hungarian section include representatives from all the parliamentary parties.

The heads of the branch, honorary president Janos Szentagothai (Hungarian Democratic Forum), and executive vice presidents Janos Gyurko (HDF), Peter Kadar (Alliance of Free Democrats) and Kristof Kallay (Independent), stressed that struggling against anti-Semitism was a topical task in contemporary Hungary. The first reason lies in what the founders see as a chance offered to the young postdictatorial regime to strengthen an efficient defence system against anti-Semitism in legislation and in society. As to the second reason, the unavoidable difficulties of political and social transition cause social tensions. In this situation, some extremist groups may emerge that seek to canvass massive support for the ideas of racial and ideological discrimination and perhaps grab power. In the branch's view, although it is not advisable to overemphasize the presence of anti-Semitism which has not reached massive proportions in Hungary, belittling this phenomenon might trigger off irreversible processes in the country.

#### Deputies Rue Controversial Memoir, Article

##### Wartime Memoir

91CH0468A Budapest NEPSZABADSAG in Hungarian  
8 Mar 91 p 4

[Article by Jozsef Bartha Szabo: "Hungarian Democratic Forum Affair With the Gendarme; Furmann Thinks It Was a Shame"]

[Text] The Miskolc Committee of the MDF [Hungarian Democratic Forum] published a memoir under the title "Gendarme Life." The author, former gendarme Knight Jozsef Szendi, who collected his memoirs from Hernadnemeti to Florida, proudly reminisces about, among many other things, his services in defending and saving the nation in 1944, "with the belief and knowledge...that I had done to the fullest and to the best of my abilities everything my Magyar country demanded of its sons."

What Knight Jozsef Szendi's idea of the act of "defending and saving holy Christianity and the nation" was is clearly reflected by the following excerpt that was also published in the BESZELO:

At first we did not have much to do in the area of arrests, and our activity was limited almost exclusively to guard duty, but as the days went by, our bus trips became increasingly frequent. Indeed, as the Soviet troops were advancing, i.e., were gaining ground toward Budapest, our work increased, and there was hardly a day when we did not have to make arrests. For example, the Beke Party leadership, lead by Endre Bajcsy-Zsilinszky, Captain Tartsay's group, infantry Captain Jozsef Kovago etc., as well as Jews who had escaped from the labor camps, used fake Hungarist Party identification to commit murders, mainly against members of the Hungarist Party. After Miklos Bela Dalnoki and former gendarme inspector Gabor Faragho deserted and went over to the Russians, we were able to end within a short

time the treasonable activity of a few army officers who had fallen for the propaganda, putting them in the Margit Avenue jail.

Imre Furmann (MDF General Chairman): "I was shocked when I read the review of Knight Jozsef Szendi's book "Gendarme Life" in the BESZELO's most recent issue. I categorically disassociate myself from the book's contents, i.e., what is written in it. I initiated an immediate inquiry to clarify the circumstances of the book's publication. But I find it necessary to state, even before the findings become available, that I think it is regrettable, indeed a shame, that such a book was allowed to be published."

Dr. Tibor Balazs (MDF's Miskolc Committee Chairman, Representative): "I do not think it is right, to begin with, when any political party endorses any memoirs, because we have far more important things to do. In addition, this publication is not only subjective but offensive as well. Such memoirs, once they are written, should be kept buried in archives, and there, too, only for the reason that if someone should want to look into the documents of the period's dark spirit it could be found. I am sincerely saddened to see the MDF's Miskolc Committee name in such a publication. I am not sure how, if at all, this regrettable event could be rectified. I only dare hope that responsible editor Istvan Gulyas, after recognizing his mistake and error, will soon publicly apologize to everyone offended by this publication of poor taste, and that it will not grow into a political issue but will get what it deserves: to be forgotten."

\* \* \*

"Since improvization in this profession is not a good thing, I think that before I can form my opinion, the text must be thoroughly analyzed in order to determine the issue's legal ramifications," replied Chief Prosecutor Dr. Kalman Gyorgyi to our paper's inquiry. "My first impression is that the published excerpts may have references that are relevant to criminal law. But, let me add, this is not a legal classification of the act, for a cursory reading is usually not sufficient for making such a classification."

Will this analysis be carried out by the office of the county's chief prosecutor?

"Information may arrive at any prosecutor's office, and then it will be forwarded to the appropriate prosecutor's office. On the other hand, however, I would like to emphasize that the investigation of such cases is under the jurisdiction of the police, not the prosecutor's office. It is another matter that the latter also has the authority to investigate this case."

**Attack on SZDSZ Leaders**

91CH0468B Budapest NEPSZABADSAG in Hungarian  
4 Mar 91 p 5

[Interview with Ferenc Grezsa, Csongrad County Hungarian Democratic Forum representative, by Lajos Pogonyi; place and date not given: "We Are the Party of 'Relatively Calm Force,' Says Member of the Group Presenting the Justitia Plan"—first paragraph is NEPSZABADSAG introduction]

[Text] The parliamentary group of the MDF [Hungarian Democratic Forum] will hold a meeting this morning that is expected to be tempestuous. The issue will be nothing less than to determine whether Imre Konya should remain as the faction leader. Before the meeting I talked with Ferenc Grezsa, Csongrad County MDF representative, who responsible for the faction's public relations.

[Pogonyi] First, allow me to be somewhat mean to you. Do you regret that last year, in the heat of the election campaign, you gave your signature to the MAGYAR FORUM's article "Fathers and Sons" which included heated outbursts against SZDSZ [Association of Free Democrats] leaders, inquiring into their ancestry and former political activities?

[Grezsa] This is an unpleasant question, but it is good that you ask. Both the article and its repercussions remain an emotional burden to date.

[Pogonyi] How so?

[Grezsa] It has turned out that several statements in the article were erroneous. Incidentally, I only wrote a draft which was edited by someone else. The title of the article was not mine either. By the way, I would have also been offended if someone had written untrue things about me or my parents. The style of the article was not proper either....

[Pogonyi] Was it the paper's chief editor who edited your article?

[Grezsa] I know for sure that it was not.

[Pogonyi] All right. After being unpleasant, allow me a little irony now: Was the fact that you were a practicing psychiatrist earlier the reason why you were elected to be the faction's public relations person?

[Grezsa] I am sure there is a connection between the two, however, they were looking for a person with broad professional and social connections, not for a psychiatrist.

[Pogonyi] Incidentally, what do you think this word means which still has a magic ring to it in Hungary?

[Grezsa] According to my definition, it primarily means the maintenance of community relations.

[Pogonyi] Between whom?

[Grezsa] The point is, relations between the faction and the outside world as well as within the faction. We are trying to work in three main areas: to maintain relations with the press, to develop the faction's outside image, and to clarify the values that we already have. Furthermore, we also think it is important to look after the mental hygiene of the parliamentary group's members.

[Pogonyi] A short while ago you used the word community. Is the MDF parliamentary group a real, or just a pseudocommunity?

[Grezsa] The group consists of 164 persons. Because of such a large number alone, working together is a great problem, especially when we are talking about members of a political group.

[Pogonyi] Each person having a different character....

[Grezsa] The force of unity becomes important, especially in crisis situations, for example, during the time of the cab drivers' blockade or at the debate on the arms sale scandal. When a group, be that any kind of a community, is attacked from the outside, it will concentrate its ranks. I believe that this is understandable.

[Pogonyi] While, as you said earlier, the faction is so united, the outside observer has the impression that its members are under the psychosis of soldiers in a fortress under siege. They are attacked by the good-for-nothing press, the opposition and, yes, by former communists trying to preserve their power. What is this, a mass psychosis, or perhaps a kind of phobia?

[Grezsa] The members of every parliamentary faction are people of high integrity. Increased responsibility "blesses" these people with increased sensitivity toward every imagined or real attack. This is not only a question of over-sensitivity. Of course, there are instances when members of the MDF faction could be much more understanding toward outside criticisms.

[Pogonyi] I do not want to talk about psychology at all, but it seems to me that some MDF MP's, while they know that they represent the largest government party, display an inferiority complex which then elicits aggressive feelings. Do I see it correctly?

[Grezsa] Very frequently, I also observe such feelings of inferiority.

[Pogonyi] What is this, "tunnel disease," meaning that a person outside the power suddenly comes into power and is unable to internally process his rapid rise?

[Grezsa] There are two serious reasons for this. The SZDSZ, through its very efficient and conscious image-making, was able to make people believe that only they are the party of the gray mass. This is exactly why a certain wedged-in feeling developed in the MDF faction. Besides this, our people did not appear much before the public earlier. This often makes them inhibited.

[Pogonyi] Why did they have to hide their professional expertise, which as you say, does exist but which has been concealed until now?

[Grezsa] We did not conceal it, only our image-making was bad. This is precisely what we must improve upon.

[Pogonyi] I suppose that it is not only good to be in power but sometimes it is perhaps bad.

[Grezsa] I tell you frankly that it offers more problems than benefits. Our representatives do feel the burden of power. They are very tense. Smokers smoke even more now, and occasional drinkers perhaps drink more. It is no accident that the parliament's cafeteria is sometimes full of people, and not only of MDF people. Being a representative may also interfere with family relations; insomnia and headaches are common.

[Pogonyi] The faction of calm force holds tempestuous meetings. A proposal to withdraw confidence from Imre Konya was almost presented last week. The MDF's popularity is going downhill. How are you living through this?

[Grezsa] We are not as calm as last year. Now we are only a "relatively calm force." Last year everything seemed simpler. Our dwindling popularity has a depressing effect on the faction's members. Confidence in the representatives has not really decreased as has our confidence in the government.

#### **Gonczi Deems Union Conflicts 'Suicidal Debates'**

*LD3004055191 Budapest MTV Television Network  
in Hungarian 1730 GMT 29 Apr 91*

[Text] Arpad Goncz called the squabbles which have been dividing the trade union movement since the changing of the system suicidal debates. In his view, these are only good for preventing a unified system of interests representation, which stands up for the interests of the employees. If they do not manage to reach an agreement, this could lead to the collapse of the trade union movement, which could have tragic consequences for the country's political life.

#### **Pozsgay Envisages New Movement as Future Party**

*AU2904083991 Budapest MAGYAR HIRLAP  
in Hungarian 23 Apr 91 p 5*

[Interview with Imre Pozsgay, independent parliamentary deputy, by Zoltan Lovas; place and date not given: "They Should Not React With Convulsions—Those Who Stabilize Parliament Destabilize the Country"—first paragraph is MAGYAR HIRLAP introduction]

[Excerpts] The new political movement linked with the names of Imre Pozsgay and Zoltan Biro has not yet emerged, but it has already drawn irritated reactions from, among others, the prime minister and chairman of the Hungarian Democratic Forum. In fact, on the bases

of what conclusion are the heads of the new movement aiming at reorganizing the domestic political forces? We asked Imre Pozsgay. We also asked him about his plans.

[Lovas] What are you planning? Is a new political force to emerge in Hungary?

[Pozsgay] Yes. Zoltan Biro and I participated in a radio program and, perhaps contrary to our previous declarations, we spoke more openly about the fact that some kind of political movement was being organized, a movement that could fill the current void in the Hungarian political system; a movement that could provide a political background and political strength for a process of modernization based on solidarity and social consensus. It is my conviction that in the European political culture and civilization, only a parliamentary democracy can be that institutional form that expresses the norms of constitutionalism and legal statism, but I do not think that democracy must only be a parliamentary democracy. In our view, in addition to realizing that there is a lack of such a movement, we have also come to realize something else, and this also involves a kind of lack, namely that the system of representing interests in our society has become less effective. Hungary is now confronted with the objectives of privatization and rationalization, which will have a strong impact on our economy. Privatization means that most of our national property could end up in private hands. I agree with this. Rationalization means that state expenditures and, subsequently, expenditures that burden the communities and result from enterprise losses should be saved. These two processes will be painful. It is impossible to carry them out without the understanding and support of the great majority of our society. [passage omitted]

The movement we conceive in Hungary, a movement supported by masses of voters, would not go against the multiparty system or the constitutional institutions; it would try to help and integrate the forces that could settle the unsettled affairs of the other parties as public affairs, namely the situation of bodies that represent interests, privatization, and economic rationalization.

[Lovas] Being aware of how things can develop, such a movement will sooner or later become a party....

[Pozsgay] A politician committed to parliamentary democracy, will in his final analysis, also reckon with the existence of such an organization. However, the start of a movement can also result in such a political force being crystallized from that movement, because at the moment, this point of crystallization is not there. One can see considerable disappointment in the parties in the parliament, and the parties that did not make it into the parliament have become fatally marginal. Conditions for starting a new party in these circumstances are not favorable. However, the citizens will also understand that they should support us sooner or later as some kind of election party, or a political party that could also make it into the parliament. [passage omitted]

[Lovas] I think I understand the politicians' bitter reactions. I do not think that they would not be able to tolerate the emergence of a new political force in the long run. What they fear most is that the current "set up" in the parliament might change. Rumor has it that, in addition to deputies from the Hungarian Socialist Party and the independent deputies, it would mainly be parliamentary deputies from the faction of the Hungarian Democratic Forum that would join your party. Thus, your movement could initiate the dismemberment of the MDF [Hungarian Democratic Forum] faction....

[Pozsgay] I cannot give you an exact answer to this because I myself took special care to avoid even the slightest suspicion that I was engaged in organizing a faction. I merely realized something that I presume every sober and open-minded person has also realized, and that is that the aforementioned dismemberment has already begun. I did not have to move a finger for this process to begin, and it has begun without me. This dismemberment continues, and the big question is what will be the final outcome of this dismemberment? [passage omitted]

#### **Committee To Aid Infrastructure Service Sector**

91CH0455B Budapest MAGYAR NEMZET  
in Hungarian 5 Mar 91 p 5

[Article by (gyrk): "Guarantee to Employees: Four-Sided Interest Reconciliation in the Area of Infrastructure"]

[Text] At the initiative of employee unions in the areas of transportation, telecommunications, water management, and communal services, the Committee of Interest Reconciliation in Infrastructural Services (ISZEB) was formed at the end of February. According to its statute, this committee is a national reconciliatory forum dealing with business, labor and wages, part of the macro-level interest reconciliation, consisting of representatives of those working in the noncompetitive sphere of the branches of economic infrastructure as well as appointed representatives of local governments and the government. The committee's purpose is to discuss and evaluate professional and business concepts related to infrastructural services as well as recommendations regarding income distribution, labor, and wages, and to make agreements in employment and wage policy issues.

Mrs. Eniko Gricser Heszky said at yesterday's press conference that the employers' side is very complex; post office, telecommunications, railways and transportation workers set up their own roundtable. This interest reconciliation is important because the infrastructural sphere is a very neglected part of the economy, which is manifested in poor public service. Companies have a limited interest in profits in this area, their revenues are regulated by statutes while their suppliers may freely set prices. The concession bill, which helps eliminate monopolies and aids privatization, is before the parliament. Since this forum of interest reconciliation has

been set up, new employers will also have to participate in interest reconciliation—this is one of the guarantees for employees.

## **POLAND**

### **POLITYKA Weekly News Roundup: 31 Mar-6 Apr**

91EP0413A Warsaw POLITYKA in Polish No 14,  
6 Apr 91 p 2

[Excerpts]

#### **National News**

The Main Council of the Social Democracy of the Polish Republic has submitted a proposed social and economic program for discussion. TRYBUNA published the text of the proposed program (27 March 1991). "The third way," which social democracy has chosen, differs "from the two doctrinaire solutions: a centrally planned administrative-command economy and the orthodox free market capitalist economy."

The president's Council for Polish-Jewish Relations met on Thursday at the Belweder. The president has named the following members of the Council: Prof. Wladyslaw Bartoszewski, historian, ambassador of the Republic of Poland to Austria; Czeslaw Bielecki, architect and journalist; Prof. Jan Blonski, historian and literary critic; Father Dr. Waldemar Chrostowski, member of the Episcopate Commission on Dialogue with Judaism; Dr. Andrzej Friedman, doctor of medicine; Prof. Jozef Gierowski, historian; Pawel Hertz, writer; Prof. Krystyna Kersten, historian; Stanislaw Krajewski, mathematician; Witold Lutoslawski, composer and conductor; Jan Olszewski, lawyer and presidential advisor, member of the National Citizens Committee; Marek Rostworowski, historian, minister of culture and fine arts; Senator Prof. Stanislaw Stomma; Prof. Adam Strzembosz, president of the Supreme Court; Prof. Jerzy Tomaszewski, historian; Jerzy Turowicz, editor in chief of TYGODNIK POWSZECHNY; Zofia Wasilkowska, member of the Helsinki Committee; Stefan Wilkanowicz, editor in chief of the monthly ZNAK; Maciej Zalewski, until recently deputy editor in chief of TYGODNIK SOLIDARNOSC; Senator Prof. Janusz Ziolkowski, secretary of state in the president's chancellery.

Andrzej Zarebski, government spokesman, declared that the farmers' blockade of the road on 22 March 1991 "was an illegal act." "The government regretfully notes that deputies also participated in the blockade thus breaking their oath to uphold the law." [passage omitted]

The most recent survey done by the Public Opinion Research Center (15-19 March) indicates that nearly 60 percent of those surveyed support the right to an abortion (including 23 percent without any limitation). In the

opinion of 21 percent, abortion should be legally prohibited, with certain exceptions; and according to 12 percent, completely prohibited. The prohibition of abortion has the least supporters among those 30-49 years of age; the most among young people and older individuals.

Labor Solidarity [SP], a nine-member parliamentary group that includes, among others, J.J. Lipski, K. Modzelewski, R. Bugaj, and A. Malachowski, has decided to leave the Citizens Parliamentary Club (OKP). Deputy A. Milkowski declared: "We do not intend to support the neoliberal economic policy sponsored by the Citizens Parliamentary Club which is leading the country to ruin and a social explosion and—in my opinion—to a rightist dictatorship in Poland."

**Price increases.** Beginning 4 April 1991, fees for notaries will increase. A will, which now costs 10,000 zlotys, will cost 50,000 zlotys. The fee for making a protocol of a general meeting of stockholders will increase to 400,000 zlotys from 50,000 zlotys. Beginning 22 April, prices for tickets will increase: rail by an average of 40 percent; State Motor Transport by 30 percent. The price of Bizon combines has increased; the Bizon Super now costs 230 million zlotys instead of 135 million zlotys as before, but the factory is giving discounts of 30 percent. The production of the newest model, the Bizon-BS, has been halted because there are no buyers.

**On the press market.** Two new titles have appeared. Andrzej Skoczylas has renewed publication of SZTUKA, "a completely private monthly" devoted to the plastic arts (price per copy, 12,000 zlotys). SWIAT, an illustrated weekly magazine, has appeared. The editor in chief is Jerzy Walasek, his deputies are Grazyna Wroblewska and Oskar Bramski. Price 4,500 zlotys.

Auctions for 11 papers of the Workers' Publishing Cooperative have been completed. The partnership Lodz Press which includes Robert Hersant's Socpresse holds (46 percent), General Savings Bank-National Bank (20 percent), and Finryan International (9 percent), bought DZIENNIK LODZKI for 25 billion zlotys. EXPRESS ILUSTROWANY was sold to the partnership Press Illustrated for 13 billion zlotys. The partnerships in the new ownership are Socpresse (48 percent), General Savings Bank-National Bank (24 percent), the Express Journalists' Cooperative (20 percent), and Finryan International (8 percent). The largest Bialystok daily GAZETA WSPOLCZESNA was sold for 1.5 billion zlotys to Solidarity in Bialystok. ECHO KRAKOWA was sold for 1.5 billion zlotys to a publisher representing the journalists of the paper and the Foundation for the Renovation of the Krakow Monuments. GAZETA LUBUSKA was sold for 6.25 billion zlotys to the publisher Lubpress. The offer was supported by both journalist associations and by the Zielona Gora Region Board of Solidarity. GAZETA OLSZTYNSKA was sold to the Gazeta Olsztynska Publisher for 2 billion zlotys. Half of this partnership is held by the journalists of the editorial staff; the

rest is held by the Bank Handlowo-Kreditowy in Katowice. Kazimierz Strzyczkowski, chairman of the Liquidation Commission of the Workers' Publishing Cooperative, signed an agreement with the president of the journalist cooperative of GROMADA-ROLNIK POLSKI and also with Leszek Lesniak, the editor in chief of the paper, on beginning publication of a new paper GROMADA ROLNIKOW. It was agreed that the current editorial staff will publish GROMADA-ROLNIK POLSKI through 11 April 1991. At the same time, the cooperative has withdrawn its offer for the paper from the auction. In this situation, the commission sold GROMADA for 2.5 billion zlotys to the partnership Corso which represents the Polish Peasant Party Solidarity [PSL "S"]. Lech Walesa had supported that offer.

M.F. Rakowski has issued a declaration in conjunction with the interview published by the Moscow daily RAB-OCHAYA TRIBUNA, which aroused a strong reaction by the government spokesman of the Republic of Poland, some of the press, and radio and television. It says, among other things: "The expression 'May God save you from going the Polish path', i.e., the one we are on now, used in the title requires substantive explanation. Torn out of context, it was used to suggest to the reader and listener that I recommend that the Soviet Union not depart from the bureaucratic, administrative-command system of running the country. That is—not to say it more forcefully—a suggestion distorting my views of the changes occurring in Eastern and Central Europe, including the Soviet Union. I have many times said publicly that the changes that occurred in this part of Europe in the fall of 1989 and after were unavoidable. Behind the colloquial expression used there is an understanding that assumes that the starting points of my country and the Soviet Union are separated by great differences. The first, the basic one, lies in the fact that the revolution in Russia had its own sources and roots. It was not a revolution imported or aided by force from abroad. I thought and still think that the Soviet Union's move from the system which has reigned for more than 70 years there to a system based on a market economy with all its social consequences must proceed differently than in Poland. Even in Poland, it is difficult to imagine the restoration of capitalism; but if someone wanted to do that in the USSR, he would have to reckon with a civil war.... I also regard the fact that the USSR is a nuclear power, which means that the destabilization of social and political relations in the transitional period could prove highly dangerous for the world, to be a significant difference influencing reform." [passage omitted]

#### Opinions

[passage omitted]

*Dr. Kazimierz Strzyczkowski, chairman of the Commission for the Liquidation of the Workers' Publishing Cooperative:*

(Interviewed by Marieta Bulatek and Jolanta Sacewicz, GAZETA OLSZTYNSKA 20 March 1991)

[Answer] We will complete the entire liquidation process by preparing a report. It will include statistics: which bidders and of what political options purchased papers. But one can already say that the forces from the camp that won in the June elections purchased the majority of titles. We shall see how they are distributed across particular groups within this camp when we sell the last dozen or so titles. I can say that to a large degree the commission has respected the initiatives voiced by the Solidarity regions. That is what happened, for example, in the case of the Gdansk press, which went to Solidarity in conjunction with Hersant's investment capital.

[passage omitted]

*Andrzej Rozmarynowicz, senator:*

(From a comment for GAZETA KRAKOWSKA 18 March 1991)

"From my contacts in the local areas, it appears that Poles are not at all demanding the elections be moved up, which is what the politicians playing with public opinion claim. Poles desire peace and economic reform, not a new campaign that would cause a change of government three months after this one took office. Also the political parties are not yet fully developed. The lack of programs is made up for by the race for the election, which could lead to a worse suit of deputies in the future parliament.

"As regards the demonstrations for moving the elections up, I think they are an antidemocratic and harmful activity presaging the dismantling of our previous accomplishments. I am most strongly against it."

## ROMANIA

### Government Still Refuses Consulate in Kolozsvar

*AU2204101891 Budapest MAGYAR NEMZET  
in Hungarian 18 Apr 91 p 4*

[Article by Cs.H.: "The Romanians Refuse To Allow a Hungarian Consulate in Kolozsvar"]

[Text] In analyzing Hungary's foreign relations at a "summary" news conference last week, Prime Minister Jozsef Antall said that the Hungarian side was already anticipating the opening of the Hungarian Consulate in Kolozsvar. We asked Tamas Katona, Foreign Ministry state secretary about the possible timing of a decision on this matter.

"It does not depend on us; we are ready for negotiations," Tamas Katona said. "However, the Romanians do not even want to hear about the opening of the Hungarian Consulate in Kolozsvar. While we have signed relatively good cooperation agreements in various areas, we cannot say the same about diplomatic relations. Our task now is to make the Romanian side understand that the Hungarian Consulate in Kolozsvar

is not a spy center, and we would also be happy to have Romanian consulates in Hungary."

According to Tamas Katona, the strengthening of economic relations would serve the interests of both countries and, as a first step, we should finally agree on the opening of the Hungarian Consulate in Kolozsvar.

### Spokesman Baltazar as Government 'Lightning Rod'

*91BA0524A Bucharest FLACARA in Romanian  
20 Mar 91 p 7*

[Interview with Bogdan Baltazar by Eugen Mihaescu; place and date not given]

[Text] [Mihaescu] You are in direct contact with the press, primarily the Romanian press. What can you tell us about it?

[Baltazar] I will parrot Felipe Gonzales. In Romania there is a great gap between public opinion and published opinion. The gap is really very wide, in other words, the public opinion is preponderantly the opinion of the opposition. So if you read our press and if you believe at first sight that it faithfully reflects the political spectrum of the public and its support or rejection, you may wonder: If 90 percent of the press badmouths them, how do these people manage to stay in power? And they are staying in power democratically. This being the case, I think that the Romanian press picture does not reflect the public opinion here. However, the majority is not always right, especially when it comes to philosophical or intellectual issues. Still, when things are going on around it, it is very difficult to always take an elitist position and continually claim that people are stupid and don't know for whom they vote or whom they support. This kind of position tends to become increasingly thin; this is the position I see in various newspapers which insist on carrying completely negative comments, while their sales keep dropping. When that happens, the newspapers in question think they are misunderstood. That may be true of a poet. But a newspaper that keeps being misunderstood while getting the economic vote of the buyers, that, I think, is an untenable situation. The press does not reflect the general political sentiment in the country. That's what I have to say about our press, not that it is undemocratic.

[Mihaescu] Can you give us examples of press bodies that come close to the current Romanian social-political phenomenon?

[Baltazar] I don't want to hand out prizes, I think that would be inappropriate and unwise, I would say. Of course, since this government was designated by an FSN [National Salvation Front] parliamentary majority, AZI should reflect it to a great extent. I don't dislike AZI, I even like some of its aspects, but AZI has its own problems, in the sense that it is attacked in most of the other newspapers, it wants to respond, but it doesn't always manage to do it as it would like to, and sometimes

it gets out of line. One paper I like pretty much is an unassuming weekly, but I like the way it's written; that is Rizea's TIMPUL, which is a paper dedicated to the national ideal; however, in contrast to others, it does so elegantly; very biting, but fair. So I've named Rizea, maybe that'll help increase his sales because otherwise there's no way I can help him; his financial situation is not too good and that's the problem. For a while I am afraid that, because of the marks left on all of us, especially the average class of people so to speak, the intellectual newspapers, newspapers of some stature, and elegant newspapers will have to go through a long period of hardship. It will be a while before we will have our LE MONDE. Another newspaper I rather like is ADEVARUL, which I think has adopted a more balanced position. As you know it carries all kinds of criticism, but it does not attribute absolutely everything that's bad in this country to the government, like many other newspapers. That's because of a deformation that I would describe as Ceausescu-like. I perceive in many of the newspapers that attack us precisely the Ceausescu syndrome in reverse. They may really believe or find it politically comfortable to believe that Iliescu, Roman, et al, are to blame for everything that is bad. That's exactly a Ceausescu-like reflex, because that's how the situation used to be.

[Mihaescu] So you don't think that Messers. Iliescu, Roman, and their team are to blame.

[Baltazar] They are not the only ones to blame and in some situations they are the least to blame. That's my opinion. They're not. They are responsible for some things. For myself, I can talk about the government in a correct and responsible manner. In other words I know the line that the government is following, I know its intentions, and I know its decisions, as well as the fact that this government is running into great resistance at the intermediary level, the level at which decisions are implemented. It's not the government's fault but its merit that in these extraordinarily difficult conditions it still bravely tries to move the Romanian society along the path that at least in principle we all follow. The misfortune is that there are very many people—and I'm not referring to the so-called opposition—who keep saying yes to the government and yes to the reform but do something quite different, either because they don't want to and harbor ideological nostalgia, or because they don't know how to do anything else. This soft stratum is the one that spoils what we want to do. There are thousands of people like that who are hard to catch. I wonder, if the PNL [National Liberal Party] or the PNT [National Peasant Party] were in power, how would they deal with this problem? There are moments when even the prime minister says: the PNT would know what to do with them. How can I knock them about?

[Mihaescu] Do you consider yourself irreplaceable?

[Baltazar] We consider ourselves sacrifices, whose rational place for the good of the country cannot be taken by anyone. For the moment.

[Mihaescu] Don't you think that this idea of the good of the country was also used by others in the recent past and that it is rather vague?

[Baltazar] Well, let me tell you about the good of the country. If some try to push us back saying yes, sir, reform, but don't do this, don't do the other; if they want to have perestroika, or say we've gone too far, let's wait... is that the good of the country? It's a question, isn't it? I think that from this angle we are closer to the good of the country than we like to think [as published].

In my opinion, any rational analysis of the current Romanian political scene will reveal the fact that currently the so-called reform wing of the Front, as embodied by Roman and the government, is the lesser evil, or if you like the bigger advantage; that's my belief.

[Mihaescu] Mr. Baltazar, wasn't there talk of having you suspended? What happened?

[Baltazar] You remember what Mark Twain said: The news of my death was greatly exaggerated. That's what it was; the talk of my suspension was wishful thinking. No doubt many who talked about it would have been very pleased to see me ousted because I was viewed as aggressive, biting, and I've been told some much more unpleasant things; they would probably have liked to see the government send someone who was 1.55 to 1.60 meters in height, perhaps with a bit of a lisp, embarrassed about what he has to say, fearful, and easily thrown in a tizzy. Some would like the government to have that kind of spokesman. But, for the time being, I'm here. Believe me, I would be happy to leave if I didn't think that I was good for something.

[Mihaescu] Do you feel you are the government's lightning rod?

[Baltazar] I clearly am. But this is the scenario, if you like. That was the agreement. The agreement was very clear and the prime minister was very firm with me, in other words he said to me: Mr. Baltazar, I want you to become my alter ego as quickly as possible! In other words I am not a spokesman in the classical sense, like Marlin Fitzwater, who comes out and reads computer printouts and answers every question with "Yes," "No," "I don't think," "The position remains the same," "If there is any change, Jim will let you know," no, I feel obligated to come out and talk on the basis of what I dare call a spiritual symbiosis with the prime minister, on the basis of my permanent contact with Severin, Dijmarescu, Vatasescu, and so forth, on the basis of my participation in all kinds of such conclaves, the government's executive bureau, and so forth, on the basis of my participation in government meetings, in other words I don't have the luxury of coming out and reciting computer printouts. No, I am there at any given time to say what I know is the government's clear position, or what, for example, I intuitively know to be the government's position. We may be sinners, but we're not as bad as we seem. And then there is our division of labor: One comes forward and one stays in the back, you realize, don't you?

It's only natural that the private should step forward and the sergeant should stay put.

[Mihaescu] Don't you think that what you criticize about the press, its tone and manner of expressing itself, may justifiably be said about you, too?

[Baltazar] Perhaps, up to a point, except that I don't think my language ever dropped into the gutter or the trite. Please quote me... You know, I had a confrontation with the drivers' trade union, that accused me of calling them nomenklaturists, or whatever else. I summoned them, played the tape, and it wasn't true. Now I have three tapes here with what I said about the trade unions. The unfortunate thing is that in our society we all play by ear, we're all Dinicu, but we don't all have his talent. We sing, but we can't read notes. I try to read notes. I have the tapes. So if the trade union leaders I invited will do me the honor, we can view the video tapes, I have them, we can put them in and see. I have their statements in which they demolish the government with which they themselves were getting ready to negotiate. Of course, I think you must have noticed that I'm not obstinate about the form in which I deliver the message.

But I must tell you that I was scolded by friends, no, seriously I tell you, who said, you sure laid into them. What shall I say, that's how it is, and I think that if I were acting differently... I'm not as bad as they say and I am desperately, passionately for freedom. The most beautiful quotation in the world is: I don't agree with you but I'm ready to die for [your right] to express your opinion! Seriously! I don't want to give you ideas, but I do suffer from this kind of attitude, like a slight intellectual and political arrogance.

### Minister Vatasescu Discusses Resignation

91BA0488A Bucharest ADEVARUL in Romanian  
26 Mar 91 p 2

["Excerpts" of an interview with Anton Vatasescu, minister without portfolio, by Sergiu Andon; place and date not given: "To Become Powerful You Must Forego Power"]

[Text] Extracts from a long conversation with Anton Vatasescu.

After last week's various speculations regarding the resignation of three dignitaries, and the silence with which they surrounded themselves (except for a short statement to the national radio station), the highest ranked of the three, Minister Without Portfolio Anton Vatasescu, somewhat unexpectedly agreed last Saturday to be interviewed by reporters from the papers ADEVARUL and LIBERTATEA.

At the start of this exclusively one-on-one conversation, Mr. Vatasescu reiterated the already known facts: His resignation has not been a political maneuver, he has submitted it repeatedly for about two months but it has always been at the wrong time, the time is even worse

right now, but not being a political man he has ignored the inopportunities; he then acceded to the request that he retain his position until two difficult situations that are waiting in the wings have taken place: 1 April and 5 April (beginning of a meeting with IMF representatives).

Because the conversation lasted more than two hours, we will skip over facts that are well known, but will focus on new explanations and comments.

[Andon] You therefore sustain, Mr. Minister, that this is not a rift in the government.

[Vatasescu] That's what I wanted to say before you asked me. We are not a second front in the government. Mr. Stolojan probably has even more radical ideas than mine. We did not make a common front. I can tell you that I adopted a stricter position together with the government, because I led some government sessions and I had to remain impartial toward the various positions.

[Andon] You say that you were acquainted with only three of the current ministers before becoming part of the government. How do you then explain the monolithic nature of the government, an issue on which you have expressed yourself?

[Vatasescu] In terms of the enormous difficulties through which we have moved and that we still have to cross. A family with many problems and great difficulties is more united than a family without problems.

[Andon] Is this agreement more about ideas or more about execution?

[Vatasescu] I said from the start that we express ourselves very freely. Maybe we are allowed to express ourselves too freely. Even though we know very well what each one of us thinks about every problem, we then strive to reach an agreement.

[Andon] At one time you said that it would not hurt to reshuffle two, three, or four of the collaborators in order to freshen up the government.

[Vatasescu] And even more of them.

[Andon] Is there really still a chance for agreement if even more "parts" are changed?

[Vatasescu] I think that it is not necessary to select extraordinary people, but the ones selected must have character. If the members of the team would have character and would not pursue other interests, the agreement would be maintained.

[Andon] If we were to rank the factors that encourage cohesion in the government, what would be their order: difficulty of problems, leader's role, or chance?

[Vatasescu] If you want a ranking, that's very difficult. Let me think, give me one moment to think about it. That's an interesting question. I believe the first is the

difficulty of the problem, second is the leader, and in third place is the character of the team's members.

[Andon] One of the criticisms against the government is that it is somewhat inconsistent toward its own measures, that it goes back on its word. What would be the main reason for that?

[Vatasescu] I think that's a good feature. The fault is to persist in a mistake. We have sent to Parliament about 80 laws for all areas of economic and social life. We have sent some 500 decisions, I can't even remember the number. You can multiply that by five pages, and you can see how many pages have been written to affect all areas. They were issued under the pressure of the moment or under the pressure of problem solving. There are some contradictions, some points that are not well linked. We have to correct them.

[Andon] You mentioned legislative activity. Do you share the view that the Parliament is acting rather slowly?

[Vatasescu] I believe that the pace has picked up significantly. It was somewhat slow at the beginning.

[Andon] I understand the decision and consensus mechanism. Is there a primary privatization planner in the government? Who is he?

[Vatasescu] It's Mr. Severin. He is the planner. He has contacted foreign consulting companies and as far as I know he has received, or expects to receive a proposal. We have shown some of the enterprises analyzed by these firms. We took one enterprise in each field and x-rayed it. One of these x-rays was even presented.

[Andon] Will these excellent results of consulting at company or branch level be valid at the scale of the entire economy?

[Vatasescu] I think that these cases from different fields help form an idea about all fields. Still, we must consider that the country's fundamental problem is the restructuring problem.

[Andon] Is it correct to argue that the deregulation of production initiatives should precede the deregulation of prices?

[Vatasescu] Of course, the ideal would be that monopolies should disappear before the economic reconstruction; one of the problems of price deregulation is the monopoly system. It cannot be ignored. Because of the monopoly system I agreed with it, I accepted the ceilings that have been imposed.

[Andon] There is a view that we had a centralized economy that gave up the specific levers of a centralized economy, without having become decentralized. Can you refute this view?

[Vatasescu] I don't think we can refute it. We unfortunately relinquished many economic levers, but the old,

centralized structure pushed things toward an organism that no longer exists, that is not operating.

[Andon] Do you know of any corruption incidents that act to hinder correct privatization?

[Vatasescu] I can't remember, but corruption is indeed a hindrance.

[Andon] A very intelligent person was telling me regarding your resignation: "They are explaining so hard that the resignation has nothing to do with politics, that they will end up convincing everyone that it is in fact connected." What can I answer this person?

[Vatasescu] That I, as well as I know myself, will never be able to lose my solidarity with the people with whom I have worked until today, and with the responsibility of assuring new governments with better working conditions.

[Andon] I don't quite understand. I still don't know what to answer this person.

[Vatasescu] If at this point I have to lie in order to make life easier for those who will follow, I must do so. Now, for instance, if you force me to tell a truth that would be bad for the country, I won't tell it.

[Andon] There is already a rumor about Mr. Stolojan that given his professional capabilities, he has received very tempting offers here and abroad. What are your projects?

[Vatasescu] I would like to leave the public domain. Together with one or two friends, maybe ministers, we want to open a consulting firm; since we know Romania's problems and Romania's laws, we could be very useful. If we can show that it is possible to live in Romania from freely chosen work, it means that our ideas were not wrong. I would like to demonstrate that.

[Andon] Mister Minister, we have been talking for two hours and have not yet heard the "cutoff" bell. Is this a symptom of your incipient disengagement?

[Vatasescu] I've asked that all calls be postponed after 12. I want to prove that I truly don't want this power. From past experience I know that a willing surrender of power makes you even stronger. The only way to become powerful is to forego power many times.

#### **Labor, Social Security Minister Interviewed**

*91BA0511A Bucharest ADEVARUL in Romanian  
28 Mar 91 p 2*

[Interview with Catalin Zamfir, minister of labor and social security, by Corneliu Carlan; place and date not given]

[Text] [Carlan] And so, Mr. Minister, you felt at the end of the first part of our discussion that social overprotection of enterprises is no incentive to getting out of the crisis. How do you substantiate that idea?

[Zamfir] It is clear that some of our enterprises are not managing to make the effort to rethink themselves, their products and their technological processes in such a way as to make them profitable. By overprotecting them you only encourage laxity, and perhaps I would not say laxity so much as a kind of blockage, an inability to mobilize internal efforts and to change. In some enterprises people are blocking each other. I want to stress the point that there is a so-called crisis management in modern management. The crisis is not always something bad. It is a pronounced motivation for change. But some claims for social security will prevent a crisis from generating change, and will maintain a number of enterprises indefinitely that are poorly organized and full of conflicts, in which all the forces involved are blocking each other and expecting a miracle. Then there is a notable leakage of raw materials and products from enterprises. Let me call it "leakage" or pilfering, as I would not like to call it theft. Not until the individual realizes that if the enterprise is profitable he will also gain from it, will he guard it like the eyes in his head. The way it is now, in many cases everyone takes what he can, and it is clear that our economy does not have a chance with such a policy. Overprotection would only perpetuate these pathological states, such as pilfering, lack of the will and ability to reorganize, and maintenance of additional personnel. I am absolutely astonished at the way some social forces demand nothing more nor less than stopping the reform. Well, we can stop it, but what does that mean? It actually means that the present economic crisis will continue and we will fail more and more rapidly and profoundly.

[Carlan] But it is interesting that the discussions occasioned by the second stage of liberalizing prices are sooner concerned with protection of salaried persons than with that of the unsalaried. Yet how is the mechanism of compensation and indexing devised?

[Zamfir] Those matters were discussed in depth with the trade unions. Both the general formula and the principles, the way they are applied, and the method of compensation and indexing are devised so as to completely preserve purchasing power at the levels of subsistence goods and of those for a normal existence, let us say. All price increases for food and nonfood commodities pertaining to everyday life are completely compensated for and indexed, so that purchasing power on those levels is not lost. Let me give you an example. Let us suppose that the price of bread is doubled. That does not mean that it will be harder for people to buy bread, but that they will be completely compensated for the increased price of bread for average consumption. If a family consumes an average of say, three loaves of bread a day it will receive the entire difference between the old and the new price of bread multiplied by three. Accordingly, let us say, until now three loaves at 4 lei each cost 12 lei. If the price of bread is doubled, that family will pay 24 lei for the three loaves, but it will receive the difference of 12 lei in various ways.

[Carlan] And if they are...gourmands?

[Zamfir] You see, if they want to buy more than is normal either for their own consumption or to give bread to animals, they are not compensated for the additional outlays. Accordingly, if 100 loaves are purchased, they will not be compensated for the additional difference paid for 97 loaves. That way the family will learn by itself how to manage its expenses according to the sums it has. I stress the point that compensation and indexing are complete at the level of basic consumption. No kind of indexing is provided for luxury consumption. There will be no additional or luxury consumption unless labor productivity is increased. That is the real source of growth of incomes. There is no longer any 100-percent compensation anywhere in the world for price increases, the basis of real growth of incomes being left to enhanced economic performance of the individual and the collective. There is no compensation for increased prices and rates for machines, color TV's, luxury hotels, etc. This gives rise to a certain differentiation that is necessary in our consumption system.

[Carlan] Our calculations and the polls we have taken in some units show that a greater price increase than the announced one would have been necessary in this stage of price liberalization in order to bring prices up to the level of the real expenses and to reflect the real competitiveness more accurately. Why was a compromise nevertheless accepted?

[Zamfir] You see, there was a certain scare here. People thought that if prices go up very a lot they will lose more than if they go up a little. Because of the system of indexing and compensation it makes no difference how much prices go up, whether it is 100 percent or 1,000 percent, because the protection of compensation is total for 60 percent of incomes, so that it no longer matters how much prices go up. We, the community, must answer your question very responsibly. How soon we want to recover depends on all of us. If we all want to suffer a prolonged disease, we will suffer a long one. If we want to recover rapidly, we must accept a more realistic liberalization policy. It surprises me as a citizen, not as a minister, that a number of social groups have a very conservative attitude. They wanted a kind of illusory social protection through maintenance of some low prices, which I think was a counterproductive effort. There were intensive pressures from some political forces, from some associations, and especially from some trade unions, surprisingly enough. But realize that many trade unions very clearly understood the necessity of an active policy on this subject, and it is my impression that they are supporting it very responsibly as well. But there are also forces who were either frightened because of misunderstanding of matters, or purely and simply wanted to promote other interests, so that we understood that it was then a matter of only a half measure and that the second stage would also have a substage. It is certain that there are also difficult problems in that a sudden jump in all prices creates difficulties in readjustment and in relations among enterprises. Therefore, the decision not to leave prices absolutely free but to moderate them

somewhat did not come from social pressures alone, but also from reasons of organization of this program.

[Carlan] As contrasted with last time, now there has been a more intensive dialogue with the trade unions on the subject of liberalizing prices and social security measures. What conclusions were reached?

[Zamfir] We had some discussions on the governmental level with the trade unions and we made absolutely all the data available to the trade union confederations. There was no secret of any kind. The trade union leaders were invited to the government and were presented with the economic calculations and alternatives. We went over together on a computer the level of compensation and indexing on various assumptions of price increases on the basis of the structure of family budgets. Those family budgets, compiled by the National Statistics Committee, have a quite precise structure in that their overall results agree with the other macroeconomic indicators. There may be certain distortions, but they are not extensive enough in one direction or another to be significant. Moreover the trade unions could be convinced that our strategy is realistic. It remains for them to acknowledge this honestly and frankly to those whom they represent and to clearly explain that the government's option is objectively necessary for the progress of reform.

### Journalists Speak Out Against Hoaxes

AU3004173991 Bucharest ROMPRES in English  
1545 GMT 30 Apr 91

[Text] Bucharest, ROMPRES, 30/4/1991—The Journalists' Society of Romania, the Federation of Trade Unions in the whole press and the Romanian Journalists' Association discussed the proliferation of journalistic hoaxes, especially a recent one played by the special edition of the magazine "STRADA". Hoaxes were dubbed as unprofessional, cheap and liable to sow confusion among the people, all while compromising the idea of correct information of the public, a communique released in Bucharest shows.

The two associations appeal to all journalists urging them to avoid such procedures whose profit does in no way justify the moral prejudice done to the respective profession.

The special edition of "STRADA" announced the stabilization of the national currency, the leu, which caused a stream of protests from the government spokesman.

### Poor Conditions of Prison Life Described

91BA0511B Bucharest ADEVARUL in Romanian  
28 Mar 91 p 2

[Article by Corina Dragotescu: "The Penury of Prisons"]

[Text] "Think of the danger that can come to you from man without forgetting your duty as a man."—Seneca.

About 60,000 to 70,000 persons pass annually through the prisons scattered all over our national territory, which contain 30,000 to 40,000 beds. The improper detention conditions and lack of personnel essential for supervision lead only to a result poles apart from the expected one.

Margineni and Tirgisor are names without significance for the ordinary man who has never had to do with the rigors of penal law. They are two places where time seems to have another dimension. They are two prisons, with men in Margineni, and women in Tirgisor. The only ones in the vicinity of Bucharest, they have become unique through the dismantling of Jilava Penitentiary because they also "house" those arrested preventively who have to be present on time at the trial court. And besides the bad effect of contact with the other prisoners serving their sentences, their transportation is both risky and expensive.

At Margineni, beyond the thick walls with barbed wire and in the penitentiary enclosure, everything seems brilliantly clean. Since it was known that the participants in the symposium were to make a visit—which was arranged by the Ministry of Justice and reported by our paper (ADEVARUL No. 358)—at that time the administration took care to make the place look as good as possible. We learned that in general cleanliness is specially emphasized because the place is often inspected since it is located nearby (about one and one-half hours from the capital). The penitentiary is considered to be one of the most decent ones in the country. It has 1,170 beds but it is overpopulated now with 1,604 prisoners.

The rooms contain 50 to 60 beds each, in tiers of three. Two men sleep in some beds although a bed is only 70 to 80 cm wide. When it rains outside, in some rooms those in the top beds have to go and beg for places in the beds of some roommates, because it also rains inside. They are often received in other beds provided that they accept sodomy. Cases of rape have multiplied and complaints are more and more frequent. Many of those "initiated" into such practices take the vice of homosexuality outside with them when they finish their sentences.

From a common dormitory one can enter another room where the prisoners keep their food, which they received from home (at present there is not even a refrigerator in the penitentiary in which to keep the prisoners' food) and can enter a so-called bathroom with one washbowl and three Turkish WC's. On all days there is a bucked in one corner of this improvised lavatory. The remains of some natural human necessities are usually placed in it, because the lack of water makes the WC's unusable. The prisoners bathe together in a room with about 40 showers. Those ill with tuberculosis or other infectious diseases also bathe here. The room is disinfected after they leave the showers. There is no possibility of separating some prisoners from others.

By day the prisoners are taken out to work, either in a furniture factory in the compound or in various other services. Those who want to educate themselves have that opportunity after completing their working hours, since a school operates within the penitentiary.

Men in good health and with many years to serve are chosen to work in the furniture factory. Those prisoners are each qualified in a trade. Furniture is also made for the domestic market, but it is especially made for the foreign market. For the time being production is progressing rather poorly for lack of raw materials, although it is true that the state is granting additional materials. We learned from the factory manager that in dealing with the suppliers everything goes with a "kiss of the hand," because otherwise he is left with only enough materials to fill a pocket. The halls of the factory were built one by one, according to the needs of expansion, but even many of the so-called new ones were built 20 years ago and should be renovated. Moisture has eaten into the walls in the corners and at other points, making them mouldy. But where is the money for repairs coming from? The prisoners work anyway. If they fulfill their norms they are rewarded with a pack of cigarettes and an extra visit and correspondence. All members of the winning work unit, except those being sanctioned, as an extra benefit will see an artistic film on TV that should have been discarded long ago.

The efforts made by the personnel employed in the penitentiaries are often above natural limits. At Margineni there are about 200 personnel for a number of prisoners that is about 8 to 9 times greater. Under those conditions supervision presents very great problems. We asked: "But why aren't there personnel"? We were told, "Because no one wants to work in penitentiaries, the working conditions being what they are, and the men have to commute daily, and there are many other reasons. It is not easy to work here." Because of nervous strain, some personnel still "let one go" at a prisoner.

The heavy door of an isolation cell was opened for us, from which outcries were coming. On the threshold, in chains, a prisoner poured out his anger at us, at the police, and at the world. "They are keeping me locked up here until I go crazy. They give me nothing to eat and they have beaten me." "But why are you locked up"? "For rape and robbery." "And for what else"? an officer interrupted. "Never mind, that is another story." "Tell me why you are here," the officer interrupted more harshly. "For murder." He is called Rifle. Nearly everyone has a nickname in prison. He killed with a gun on a highway, and now he considers himself wronged. When you think of his actions, you think that all that is happening to him is too little. Such men will return to society one fine day. For them, other men are now fighting to improve the conditions for serving their sentences in prisons.

At present, 13 to 14 prisons should be built in Romania, and primarily one in Bucharest, the only capital in the world without a penitentiary—not to accentuate the

repressive aspect of the state, but to offer some individuals a chance to become men again. They should be prisons from which promiscuity, disease and homosexuality should disappear. Otherwise, all the evil assembled there, despite the efforts of a few but dedicated people, will spread among us one fine day like a plague that will take entire generations to eradicate.

## YUGOSLAVIA

### Presidency Report on Political Situation

91BA0581B Belgrade BORBA in Serbo-Croatian  
23 Apr 91 pp 16-17

[Report of the SFRY Presidency on the political-security situation: "The Disastrous Consequences of the Raging Crisis"—first two paragraphs are BORBA introduction]

[Text] Three days before the address of Dr. Borisav Jovic, president of the SFRY Presidency, who on 25 April will present to the Yugoslav Assembly a detailed report on the current political-security situation in the country, the collective chief of state presented a report on that problem area to the federal parliament. On 27 March 1991, the Presidency examined the current political-security situation in the country, and it based its views and assessments on the assessments, views, and proposals of the Federal Council for Protection of the Constitutional Order and on the reports of federal bodies and agencies. BORBA is publishing the report on the current political-security situation in its entirety.

In addition to that document, the collective chief of state also submitted to the federal parliament the Report on the Activities in the SFRY Presidency pertaining to the country's political future. One thing about which the Presidency informs the Assembly in the report is the talks among the leaders of republics in Split, Belgrade, and Brdo kod Kranja.

The SFRY Presidency has made the assessment that the political-security situation in the country has deteriorated dramatically in recent months. This has been decisively influenced by the political, constitutional, and economic crisis and by the internal divisions and blockades. The policy of the fait accompli and the adoption of unilateral decisions, which have become the rule in behavior and action, especially in certain communities, are given considerably greater preference than an agreement about Yugoslavia's future. The overall situation in the country is becoming ever more complicated with each passing day, and the Yugoslav crisis, in its volume and intensity, continues to contain a serious threat of civil war arising out of interethnic conflicts.

Note was taken that the assessments and views which the SFRY Presidency adopted in the previous period have been borne out, especially the assessments, views, and predictions which the SFRY Presidency brought to the attention of the SFRY Assembly and the broadest public in late May of last year. The serious disruption of the

order established by the SFRY Constitution and the country's independence and territorial integrity and the aggravated interethnic relations were pointed up at that time. It was emphasized that a situation of that kind obligates the competent institutions of the system to take every necessary step and undertake every activity to protect the order established by the SFRY Constitution.

### **The Splintering of Yugoslavia**

Predictions were made on the basis of all the knowledge available at the time on how the process might develop of the destruction of the constitutional system in our country as a whole and in its parts, indeed even at the price of a splintering of Yugoslavia. A warning was issued in this context concerning the strong disintegrative tendencies, concerning the efforts to build independent "national states" with all their attributes, including even the creation of republic armies, concerning designs to destroy everything that is Yugoslav, and concerning things which are blockading federal bodies and agencies.

The SFRY Presidency insisted that current federal laws be strictly enforced over the entire territory of the SFRY and that political and legal means be used to put an end to the practice of adopting laws and other enactments in the republics and autonomous provinces which contradict the SFRY Constitution and federal laws. In mid-October 1990, the SFRY Presidency pointed this out once again even in the SFRY Assembly. However, it should be said that the events have been developing very rapidly and have confirmed these assessments and predictions.

In the period that has followed, the course of public events has become increasingly dramatic and therefore not only were these and similar trends and practices pointed out, but specific measures were even taken to protect the country's sovereignty and territorial integrity, the legitimacy and unhindered functioning of a law-governed state. Particular mention was made of signs of a shattering of the system of defense and security, the formation of paramilitary armed structures and the need to disarm them, and then the need to examine the causes of the deterioration of the overall situation in the country, above all in Kosovo, in Kninjska Krajina, in Banija, in Lika, in Kordun, and in other hotbeds of crisis in Yugoslavia.

All this makes it imperative to set forth an objective and complete assessment of the present situation in the country and to work out relevant measures that should be undertaken in all the institutions of the system. This approach also follows from their historical responsibility for the destiny of Yugoslavia and for the future of its citizens, nationalities, and ethnic minorities.

### **Inflamed Passions**

It is the assessment of the SFRY Presidency that a special imprint has been put on the very difficult political-security situation in the country by interethnic and interrepublic conflicts, which have reached a critical

point from which they could very quickly grow to become armed conflicts on a broad scale. The flaring up of nationalistic and chauvinistic passions, interethnic intolerance and distrust, the support shown for certain nationalistic programs and leaders, with certain differences in the degree and forms, are present over the entire territory of Yugoslavia. The situation is so delicate that an outbreak of even minor trouble could grow into broader conflicts with unforeseeable tragic consequences. Not only is the situation not abating, new sources of crisis are being opened up and are continuing to contribute to destabilization of the situation in the country.

It has been pointed out that pluralistic democracy, for all its constructive achievements, has made it possible for extremist nationalistic forces to enter the political scene as well, and they have been urging open ethnic and religious enmity and negating certain Yugoslav nationalities and federal units. A spiritual atmosphere of exulting in old values has been created: advocacy of an ethnically pure state, rehabilitation of historically defeated forces, negation of everything that has been achieved over the last five decades, and so on.

The flaring up of conflicts in certain regions of the country and the simultaneous advocacy of present borders if Yugoslavia should break up, that is, their establishment according to the ethnic composition of the population, is resulting in ever more pronounced demands of the various nationalities that they live in the same state. Under those circumstances, now that the dangers have increased that Yugoslavia will break up, an ever more pronounced interest is being shown in various ways toward segments of the ethnic group in question that are located in other parts of the country. In this connection, attention is called to the danger that interethnic conflicts may break out and the authorities of the various republics may intervene on their own territory, and this would certainly have broader consequences.

It was stated that Kosovo, in its possible political consequences and consequences for security, continues to be one of the largest sources of the state of conflict in the country, above all because of the strained nature of interethnic relations and the ever more large-scale resistance of citizens of Albanian nationality, and indeed also of certain official bodies and individuals toward the measures of the authorities of the Republic of Serbia. There have been constant attempts to internationalize the situation in that province.

It was pointed out that it is realistic to expect a further aggravation of the situation in Kosovo, especially in view of the intensified activity of Albanian separatists in the country to realize the so-called right of the Albanians to self-determination all the way to secession and the "right" to live in a single state encompassing their ethnic space (Albania, Kosovo, and parts of Macedonia and Montenegro). There have also been increasingly frequent threats of an armed uprising to implement the so-called Kacanik Constitution, in particular to realize the slogan

about a so-called Republic of Kosovo, which has been reiterated for a decade now. The leadership of the separatist movement is saying that they will soon realize that demand one way or another. It is also making an obvious effort to maintain constant contacts with certain Albanian political structures with a view to realizing a common goal—the creation of an expanded Albania.

Because this complicated situation in Kosovo has for a long time now been helping to worsen the situation in the country, and because the latter has also been aggravating the situation in Kosovo, the assessment is that all-inclusive and integral measures need to be taken to resolve it. However, that is not possible without a higher degree of unity throughout the country both in evaluating the situation and the measures and activities which should be undertaken in Kosovo and in relation to Kosovo.

### Heightened Tensions

Because there is an interlinkage of trends and events related to security throughout the entire area of the country, it is realistic to expect that there could be an aggravation of the situation in other well-known hotbeds of crisis in the country as well and also that new sources of crisis could open up. The situation has already become more tense in the region of Kninjska Krajina after the decision was adopted to separate it from the Republic of Croatia. Also, following adoption of constitutions and resolutions on sovereignty of the other republics, there was and is an intensified interethnic tension, especially in mixed communities. Certain events in the Sandzak and some opstinas of Bosnia-Herzegovina, Montenegro, and Macedonia indicate the seriousness of the security situation and the possibility of confrontations on an ethnic basis.

The aggravation of the economic crisis and the growing social tension are having a markedly adverse effect on the difficult situation in the country. This is a lasting source of tension that is also brought on by impasses in carrying out the measures of the economic reform. The economy is in an extremely grave state and approaching general collapse ever more rapidly. A large number of enterprises are failing, payments for public expenditure are not decreasing, negative trends in relations with foreign countries are continuing, and the inflationary shocks are growing. Along with all that, there is economic "warfare" among the republics.

Under those circumstances, social problems are becoming steadily larger. Unemployment is growing more rapidly, especially among young people, in all parts of the country. Payment of personal incomes, including those which are guaranteed, is running behind as much as several months, and the existence of pensioners and other social strata is becoming increasingly precarious. This is increasing the number of those who are below the subsistence minimum. All of this is creating a sense of dissatisfaction and lack of a future, and it constitutes a serious warning that developments in this direction must

be halted as soon as possible. Otherwise, social dissatisfaction will result in large-scale strikes and unrest and even an explosion of popular dissatisfaction. This social situation, interwoven with political tensions and interethnic confrontations, would be very difficult to control. It could nullify all the efforts to overcome the crisis and impede if not frustrate agreements concerning the future of the country.

The failure to achieve constitutionality and legality and in fact their drastic destruction are having an essential impact on the serious political-security situation in the country. The constitutional and legal system in Yugoslavia has for all practical purposes been shattered, above all when it comes to enforcement of federal statutes. In recent months, especially since adoption of the resolutions of the SFRY Presidency on 24 October 1990, which again demanded that the republics and provinces postpone enforcement of unconstitutional enactments they have adopted and cease to adopt them, thereby ensuring the most favorable conditions for democratic resolution of the Yugoslav crisis, several more such unilateral acts have been adopted. They suspend in the most direct fashion the SFRY Constitution and federal statutes even in vital areas of public life. Independent positions are thereby being gained unilaterally, regardless of the interests of others and the interests of the country as a whole.

The failure to honor even those legal enactments which have not been amended has contributed to this kind of constitutional and legal chaos. Federal bodies and agencies have been attempting in this period to guarantee enforcement of federal statutes, above all by instituting procedures for evaluation of the constitutionality and legality of the enactments unilaterally adopted by certain republics. These activities have yielded only negligible results. Much the same is true of decisions of the SFRY Presidency in the fields of the country's defense and security, foreign affairs, etc.

The uncoordinated activity and differing approaches to resolving urgent issues, and indeed the conflicts between various bodies and agencies at the federal level in resolving some of the most important problems in the country also constitute a kind of blockade of the system. To this, we should also add the failure of various bodies at the federal level to agree in their assessment of the situation in the country and also the differing view of the severity of the political-security situation in certain republics.

### Threatened Security

The question of the functioning of the Federation could continue to become more acute, especially if its financing is not furnished in good time and elections are not scheduled for the SFRY Assembly, and if it should cease to operate. In that manner, and this would be a case rarely recorded in political history, Yugoslavia would be seriously threatened even as an entity under international law.

The problematical state of political security in the country is best indicated by the situation in the system of security and defense and by facing the constant efforts to prevent these vital areas from functioning.

The assessment is that the security system is threatened over the entire area of the country. The processes of disintegration in this area, which is important to any government community, have reached such a level that the system as a whole has not been functioning effectively for a long time now. Instead of a security system built on uniform foundations, an untenable situation has been created in which there are interruptions, blockades, and conflicts between its individual constituent elements. Some of the security services in the republics are gathering intelligence on one another, and some have focused their effort toward operational intelligence-gathering on the YPA [Yugoslav People's Army]. In some republics, entire parallel systems of security have been created.

It was pointed out that the joint effort of security agencies and forces to protect the country's integrity and sovereignty, even against violent attempts to break up Yugoslavia, has for all practical purposes been frustrated. Recently, the Federal Secretariat for Internal Affairs has been unable to guarantee performance of its constitutional and legal functions, primarily because of the general blockade by security agencies and services in the republics. The republic services withhold from the federal agency information on trends and events important to the country's security, or they provide such information on a selective and incomplete basis, so that the federal agency is unable to present a full and realistic assessment of the state of security, nor can it undertake and propose effective measures.

The assessment is that the republics are not honoring agreements concerning the number and makeup of security agencies, nor criteria concerning selection of personnel. Viewed as a whole, the personnel situation in security services throughout the country is very grave. In order to satisfy certain requirements as to party membership, they consist mainly of personnel recruited without any sort of experience in this work, while experienced workers are being laid off. This has detracted from the expertness and professionalism of personnel and thereby also the effectiveness in performance of their tasks.

One of the ways in which the system of security and defense is being broken up is the creation of defense-security alliances among republics. This phenomenon must be thoroughly examined because the conflicts which are occurring and which could occur on this basis have very grave consequences. After all, both our experience and world experience confirm that a country's defense and security and its territorial integrity are not the mechanical sum of the functions of federal units, but the right and the obligation of the common state. Debate on improvement of all joint functions must be opened on the basis of professional analyses.

The armed forces, and especially the Yugoslav People's Army, have recently been under great pressures in the midst of the processes of disintegration of the country. In certain communities, the constitutional role of the YPA has been questioned and its integrity destroyed, everything it does is disputed, including the need for it to exist. One particularly serious form of pressure is withholding the established financial resources to meet the needs of the YPA, which is seriously jeopardizing its operation. What is more, in some republics immense resources are being allocated to develop republic armed forces.

#### Violation of the Constitution

Violation of the Constitution and federal laws in the domain of defense is taking on ever more dramatic form. It was pointed out in this connection that the competent authorities of the Republic of Slovenia have been ignoring the decision of the SFRY Presidency whereby direction of territorial defense was to be brought into conformity with current federal statutes. The illegal republic territorial defense staff has been intensively reorganizing and equipping units and staffs with up-to-date imported arms, organizing combined exercises and preparing detailed plans to paralyze the activity of the YPA on the territory of this republic, and so on. Constitutionality and legality are also being violated in this domain in the Republic of Croatia, especially since proclamation of the republic Constitution.

In both those republics, there has been a failure to respect federal statutes concerning the delivery of recruits and changing the war orders of the reserves. Measures are also being taken to paralyze the system for recruiting, replenishment, and mobilization of the armed forces, etc. If this unconstitutional and illegal practice continues, the danger threatens of the YPA ceasing to be all-Yugoslav in its character. The republics have been attempting to place even the wartime army under their control by taking over the systems of recruitment and mobilization, by assuming authority over territorial defense, by destroying the system of direction and command, and in other ways.

In some republics, under the command of republic authorities or under the control of certain political parties, monoethnic paramilitary armed formations have been created. This process is spreading to the entire country. Recently, what are called protective detachments have also been formed, and various shock groups and units are also being created illegally, even abroad. The order of the SFRY Presidency dated 9 January 1991 has not been carried out. Instead of carrying it out, in some communities its suitability was questioned, and the unlawful importation of arms has been continuing. This kind of situation is further compounded by the fact that large quantities of arms and ammunition are held legally and illegally by individuals.

All of this indicates that in some of the republics the formation of republic armies is nearing its conclusion.

Further illustration of this is the immense growth of regular police and police reserves and their training to perform military tasks. A parallel military organization is being created in this way; its principal task is to ensure territorial integrity and sovereignty, which in our system is a function of the armed forces, not the police.

Within the framework of the very widespread propaganda campaign being conducted against the YPA, its officers have also been exposed to mistreatment, blackmail, and even recruitment for the republic "armed forces" or police and special units, and in some places even to work to meet the needs of republic security services. In some communities, even the official authorities are putting pressure on the YPA (monitoring movements, detention, interrogation, criminal charges, the posting of wanted circulars, etc.). The activity of the YPA to prevent armed rebellion has been described as preparation or commencement of a military coup, and its commitment to protecting the peace and safety of people and vital facilities, including its own, has been described as violence. The culmination of all that is that the YPA has been labeled an occupying force, rumors are being spread and there is speculation concerning the unity of the top military leadership and officer corps, open appeals are being addressed to soldiers to return to their homes, that is, to leave military service supposedly in order to protect themselves against possible abuse, etc.

The assessment is that the interest of international factors in the Yugoslav crisis is quite pronounced, and that at all levels. Yugoslavia is being treated more and more frequently as a hotbed of crisis in Europe and indeed in the world. Independently of the position of various entities, whether they be international organizations or states, there is growing concern and increasingly frequent assessments to the effect that Yugoslavia could disintegrate. At the same time, there is growing reserve concerning cooperation with Yugoslavia, especially in the economic and financial sphere. That reserve is the result of their estimate that the political crisis is deep and that the reform is not yielding the anticipated results, primarily because the republics have not furnished support.

The most important and influential international factors favor the unity of Yugoslavia, preservation of its integrity, and a democratic resolution of the crisis, and they give their support to the corresponding internal efforts. This is especially evident in reactions to the most recent disintegrative tendencies in Yugoslavia. The interest in Yugoslavia's problem has even taken on official form in debates in the competent bodies of certain states and international institutions.

However, certain foreign factors, contrary to international norms, have been attempting to influence the processes of resolution of the Yugoslav crisis. Certain domestic political entities have also been contributing to this, seeking foreign support for their own partial interests and actions. This has been giving rise to negative domestic and international implications.

### Far-Reaching Consequences

It is the assessment of the SFRY Presidency that the present political-security situation is very grave and that any form of its further deterioration would result in a state of chaos and interethnic conflicts. In that case, even graver consequences for citizens throughout Yugoslavia could not be avoided. This can be overcome if all responsible entities take steps to resolve the present situation as soon as possible by democratic and peaceful means. Otherwise, it will be necessary to take all measures based on the SFRY Constitution and laws to prevent tragic consequences.

Unless there is an agreement soon on Yugoslavia's political future or at least a guarantee that such an agreement will be achieved and space opened up for broader processes of reform, it is realistic to anticipate that the following will occur on the domestic scene: cessation of the functioning of the federal legal system throughout the country and in all its parts; complete economic and political-security breakdown of Yugoslavia, that is, the formation of several state units, and indeed even enclaves; further escalation of chauvinism, with a direct threat to the survival of members of certain nationalities in certain areas; formation of new military structures and a further uncontrolled arming of the citizenry; the actual shattering of the YPA as the only defense force in the country; armed conflicts in mixed ethnic communities, and after that broader conflicts between nationalities and republics as well.

That development of the situation in Yugoslavia could result in far-reaching negative consequences even at the international level.

### Conclusions Adopted: Urgent Measures Necessary

Proceeding from the assessments of the current political-security situation in the country, the Presidency adopted the following conclusions:

1. That the SFRY Presidency and Federal Executive Council, within the limits of their respective authority, should take all necessary steps to urgently bring the destroyed system of the country's defense within the constitutional framework, and above all establish and undertake specific measures and activities to ensure the following: consistent enforcement of the SFRY Constitution and laws concerning performance of the military obligation; financing the YPA in accordance with law; execution of the order dated 9 January 1991 on disbanding and disarming illegal armed structures and execution of the views and decisions of the SFRY Presidency on direction of territorial defense.
2. That the SFRY Presidency and Federal Executive Council urgently undertake the appropriate measures and activities in order to reestablish the disrupted uniform system of security and its effective functioning over the entire territory of Yugoslavia. This means above all consistent enforcement of federal laws and statutes and also the repeal of all unilaterally adopted measures of the

various republics. This also presupposes strengthening the personnel and material and equipment of the Federal Secretariat for Internal Affairs in performing its constitutional and legal functions.

3. That the Federal Executive Council and federal administrative agencies responsible for the situation in various domains, consistent with their respective constitutional and legal authorities, should undertake the measures necessary to ensure consistent enforcement of federal laws and all decisions of the Constitutional Court of Yugoslavia related to the unconstitutional and unlawful enactments adopted by the bodies of the republics, as well as to provide additional legal preconditions for this demand to be met.

4. That the SFRY Presidency take up the specific urgent issues that represent a particular burden on the situation in the country and also Yugoslavia's international position.

5. That the SFRY Presidency debate intensively the resolution of the Yugoslav crisis and achievement of an agreement on the country's political future. The following have to be guaranteed in the shortest time in this regard:

a) determination of the definitive views of the republics concerning the future of Yugoslavia, that is, concerning life in a common state or independent state;

b) establishment of the constitutional and legal basis and procedure for the possible withdrawal of certain republics from the SFRY (an amendment to the SFRY Constitution, a constitutional act on separation from the SFRY, and so on);

c) creation of the constitutional and legal basis for election of delegates to the Federal Chamber of the SFRY Assembly (above all by adopting an amendment to the SFRY Constitution);

d) the drafting of a joint platform on relations in the future Yugoslav community that could also serve as the basis for drafting a new constitution.

[Box, p 16 column 1]

#### **The Thesis of the Conflict Between Two Systems**

Following the multiparty election, the thesis that in Yugoslavia there is a conflict between two systems and two mutually irreconcilable commitments—the pluralistic and democratic on the one hand, and the communist-Bolshevik on the other—has been systematically planted and spread in our own public and the foreign public. The spokesmen of this division say that the outcome of the political crisis in the country depends on which of these “two conceptions” is victorious. This stereotype is being abundantly used in interrepublic conflicts, especially through the news media, including the foreign media, and in communications with foreign representatives.

[Box, p 16 column 3]

#### **Intensified Blockade**

The assessment is that the blockade of the operation of federal authorities is being intensified and broadened. It is realized in the most varied forms—from making it impossible for certain agencies and bodies to hold meetings, failure to enact proposed legislation, and withholding financing for the operation of federal authorities. There is blockage of the work of the SFRY Assembly, the SFRY Presidency, the Federal Executive Council, and even authorities responsible for the country's security. The pressures have been especially aimed against those entities at the federal level which show a readiness to achieve a settlement of the crisis in a relatively stable social and political atmosphere.

[Box, p 16 columns 3-4]

#### **Jeopardy and Fear**

The differing behavior of the competent government authorities in the republics and the failure to respect the uniform policy and criteria in treating the terrorist and otherwise extremist emigre community illustrate the extent to which the security system has been destroyed. The fact that certain organizers and participants in terrorist acts against Yugoslavia from the ranks of the extremist emigre community have entered the country almost without hindrance and consequences has been intensifying the feeling of jeopardy, fear, and unrest in broad strata of the population in certain communities. In combination with what has been called domestic terrorism, which some communities have already faced, the activity of this emigre community within the country could have an extremely adverse effect toward further deterioration of the security situation in the country.

[Box, p 16 column 5]

#### **The Media War**

The very intense media war has also tended to worsen the situation in the country. Interethnic and interrepublic tensions are in fact being heightened by the propaganda, which is using every means of influence in order to ensure achievement of its political goals. It is not just a question of the fact that information is being furnished on a strictly controlled and selective basis, that outside media are being blocked and internal information space being shut off, but also of the use of all possible data and assessments, including those which are untrue, in order to discredit and insult the opposing ethnic or republic community, those who hold responsible positions, and so on. Many who hold high political and government office in the republics and the Federation are also contributing to this through their improper statements. Cessation of this method of communication could help to calm the situation and the unrest of the citizenry, as well as create a more favorable political climate in the country.

**Commentary on Ohrid Presidential Summit***91BA0581A Zagreb VECERNJI LIST  
in Serbo-Croatian 20 Apr 91 p 2*

[Article by Branko Tudjen: "Tudjman's Tactical Advantage"]

[Text] The fourth meeting of the six presidents of the Yugoslav republics seems to have yielded the most concrete results so far. Although, when all these meetings are analyzed more closely, one must always begin with the question of how authentic the announcements and statements made in press conferences actually are in conveying what actually happened behind closed doors. The full and correct truth will be known, it seems, only when the transcripts are accessible.

But if one is to judge by the Ohrid announcement to the press conference and by what is being said by "well-informed circles" following the fourth round of talks, in general, Dr. Franjo Tudjman, Croatian president, is the one who can be most satisfied.

The resolution to hold a referendum in which citizens will declare themselves in favor of an alliance of sovereign states or in favor of a continuation of the federal state is actually along the line of the Croatian proposals and is not so disturbing for external forces as the Slovenian plebiscite on secession, and at the same time it has a rather calming effect on a majority of Croatian citizens, dissatisfied with the federal system, which they regard as a factor limiting Croatian national and economic sovereignty.

Slovenia is not altogether satisfied with this Croatian viewpoint, although it is "prepared to talk about forming a possible community of sovereign states on the territory of present Yugoslavia." It seems that even Alija Izetbegovic is not altogether satisfied because to him, by contrast with the Slovenian views, the Croatian views seem too radical. The president of Bosnia-Herzegovina is not concerned because of the Muslims and Croats in his republic, but because of the Serbs. He has said clearly that between 70 and 80 percent of the citizenry of Bosnia-Herzegovina will vote for sovereignty of Bosnia and Herzegovina, but he also left the impression of disappointment that in the end no compromise was adopted between the confederal and federal options.

Macedonia is closest to the Croatian views, although in the statements of its leaders one senses a nuance of fear of the possibility of that republic becoming an altogether independent state should Yugoslavia disintegrate. The main reasons are its environment and the appetite of its neighbors.

In spite of the differences we have mentioned, the views of those four republics are absolutely identical on one

thing: the Serbian-Montenegrin insistence on a strong federal state, and if not, then a popular referendum, is beyond consideration.

Thus, the Serbian policy of unitarization and Serbianization of Yugoslavia, which Slobodan Milosevic advocates, has been left altogether isolated, especially in light of the fact that Momir Bulatovic, Montenegrin president, has been issuing not only contradictory, but even panicky statements. In the background of that behavior of his lies the fear of internal splits in Montenegro and certainly the awareness that Montenegro has nothing to anticipate from Serbia from the economic standpoint. Should it remain so blindly bound up with Serbian policy, the only thing that can happen to it is a strong Serbianization of Montenegro and certainly a further loss of ground in the economy.

The next thing Dr. Tudjman can be particularly happy about is that portion of the announcement which states that "in all republics the necessary conditions are being assured for respect of law and order, along those lines the republic and federal authorities need to take the necessary steps so that all citizens in the country and also tourists in the coming season be ensured complete security and peace."

Another success of Tudjman's is that he has succeeded in "driving" Milosevic out of his fortress on Dedinje and bringing him to the bilateral negotiating table, so that now the Serbian president himself is declaring that he is talking with Tudjman about protecting the interests of both nations as a whole.

The true and complete success will certainly come when those indubitable positional advantages are transformed into quality, which is to say, when the barricades are removed, and Croatia truly becomes economically sovereign and politically whole.

Another reason why it is not easy is that the opponent on the other side has attained his goal so far mainly by use of force, demagoguery, or some other kind of Byzantine detour, and the question of the extent to which this party will hold to an agreement is always posed anew.

It is also unclear in that context what will happen after the referendum is held. If the four republics undertake to agree on a confederal alliance, what will Serbia do? Raise the Serbs in Croatia and Bosnia-Herzegovina in rebellion—which is most likely—or realize that Serbia must also confront its own economy with a confederal status, rather than aspire to the superiority that arises out of a strong federal center and the superiority because of the size of its population, but must proceed from the real economic capabilities of its own citizens and its own political system?

Serbia can no longer impose its piedmontism and Yugoslunitarism, not even by force. But at this point do not be too certain that they will not resort to blackmail.

## BULGARIA

### Security Council Secretary Petrov on NATO

91BA0362A Sofia NARODNA ARMIYA in Bulgarian  
18, 19, 20 Feb 91

[Interview in three installments with Major General Kamen Petrov, secretary of the National Security Council, by Senior Lieutenant Krasimir Uzunov: "Will Bulgaria Move to NATO?"]

[18 Feb p 4]

[Text]

#### 1. Warsaw Pact or Missed Chances

The Warsaw Pact is on the way out, but Bulgaria remains in the Balkans, a buffer between two continents and two religions, two civilizations and two cultures. The windy crossroad presumes a faith in one's own strength. If it is inadequate, additional outside guarantees are sought. Where will we get it from? Will anybody guarantee it to us? Will NATO undertake to guarantee our national security? On these questions let us offer the commentaries and viewpoints of military experts and deputies directly engaged with our national security. Today we offer an interview with Major General Kamen Petrov, secretary of the National Security Council.

[Uzunov] Major General, sir, how do you assess the situation of the old Continent after "Paris-90"?

[Petrov] Europe today faces a completely new historical perspective: a final split, with the pitting and confrontation of blocs against each other, and the creation of a new model of relations founded on true partnership and confidence, on economic and political integration, on the establishment of a democratic civilian society.

In these conditions, the future role of the two military and political alliances—the Warsaw Pact and NATO—must be considered anew. After "Paris-90," it can be quite categorically asserted that the preconditions are ripe for their transformation and, subsequently, their withering away, as well.

The character of the epoch in which we live has changed, and the struggle between the two world systems has ceased to play a determining role in the progress of mankind. Peaceful coexistence has exhausted its role. The pitting of blocs against each other as a means of maintaining the peace in Europe has become an anachronism.

[Uzunov] What possibilities for the future order of Europe does this situation afford?

[Petrov] The model that can be established within the framework of the all-European process with the institutionalization of the CSCE is democratic and guarantees the best possibilities for identical security and equality. It assumes that the heads of state participant therein will

sit in the European Security Council, while the EC will continue to evolve as a free trade zone, as a homogeneous economic area. Given this model, the existence of the Warsaw Pact and NATO is unnecessary, for which reason many in the West regard this alternative unacceptable because the Warsaw Pact is going to fall apart by itself while NATO is in the process of reinforcement and transformation into a political-military organization.

I find a second alternative in the increasingly fuller conversion of the EC into a main, determining factor in economic unification, in the formation and implementation of the continent's security. Most EC countries (except Great Britain) see its change in the future into a political union.

The third alternative is that NATO will preserve its military and political role in guaranteeing European security. Moreover, the organization should expand the geographic scope of its responsibility.

Many see the possibility of constructing also a mixed model of Europe's future order.

[Uzunov] Seen against this background, can the Warsaw Pact be called a "strategy of limited sovereignty"?

[Petrov] From the viewpoint of today's realities, the same reply cannot be given to the question whether the Warsaw Pact has fulfilled its mission. On the one hand, the organization has successfully played its role of basic guarantor of national security for the individual states. But, on the other, it did not succeed in becoming an effective mechanism for political cooperation and for coordination of generally acceptable positions. Moreover, the Warsaw Pact was not used as an instrument for the application and implementation of the so-called Brezhnev doctrine, an immutable part of which was the conception of "limited national security" and "common responsibility for the fate of socialism." Its most striking manifestations involved the events in Czechoslovakia in 1948, which violently shook the "fraternal alliance" and laid the beginning of the erosion of the socialist system.

This was fostered also by a number of objective preconditions.

A characteristic feature of the organization was the clear discrepancy between the military and political components in the organization's structure.

Back in the decision to create the PKK [political consultative committee], there were incorporated the possibilities of integrating the interparty ties of the ruling communist and workers' parties in their international relationships, something that, to a great extent, contributed to the intense ideologization of the organization.

The principle of equality was not incorporated in the preamble. Besides this, Article 5 essentially consolidated the leading role of the Soviet Union. The commander in chief of the United Armed Forces was the supreme military commander in chief of the Soviet Army, with no

provision for rotation of this post. Article 11 provided for a one-time 10-year extension in force of the pact (this was done in 1975), while, on 26 April 1985, the pact was simply signed again for two new 10-year periods in its initial form, although the situation had already radically changed and objective conditions dictated signing a completely new pact. The chance was missed for transforming the organization into a political-military or into a purely political consultative alliance.

The former allies' rejection of common ideological principles and values introduced additional differences. The different degree of the foreign threat became perceptible, as did the discrepant national and regional priorities, the different and even opposed interests and positions in respect of national and minority problems, economic rivalry in respect of speedier integration with Western Europe.

The proposal that the military organization of the Warsaw Pact cease to exist came completely normally in this situation. On 25 February, a session of the ministers of foreign affairs and of defense of the participant states will be held in Budapest, which will make a decision regarding the pact's further fate.

[19 Feb p 4]

[Text]

## 2. Does the Enemy Become a Friend?

We continue the interview with Major General Kamen Petrov, secretary of the National Security Council. The discussion of vitally important questions regarding guarantees of Bulgaria's security makes it imperative to clarify NATO's attitude toward the changes in Eastern Europe.

[Uzunov] Major General, sir, how have our partners in the Vienna negotiations accepted the changes in the countries of Eastern Europe?

[Petrov] To begin with, it must be taken into account that there is consensus in NATO on the necessity of preserving the alliance and entrusting this organization with the important role of guaranteeing the stability of the reforms in Europe.

At the same time, it is becoming more and more imperative to transform the functions and character of NATO activities. The sixteen countries are unanimous that the adaptation of NATO to the new realities involves further politicization of its character and activity. Such of its new functions as the following are being strengthened, viz., guiding the disarmament process and inspecting and monitoring the implementation of the agreements in this field, as well as coordination of the West's position with respect to the Helsinki process.

NATO's London declaration took into consideration the unprecedented processes taking place in Eastern Europe and expressed an aspiration to build "new partnerships with the countries of the East...and to extend to them the

hand of friendship." It stated that the NATO countries have no aggressive intentions and accept the obligation to solve all disputes peacefully and never to use force first under any circumstances.

The member countries regard the adaptation of military doctrine and strategy as a component part of NATO's updating; plain to see is the development of positions on tactical nuclear arms, the strategy of "flexible reaction," and the concept of "defense delivered first."

[Uzunov] What will NATO's attitude be toward an eventual probable admission of new members from the East European countries?

[Petrov] An interesting and recently discussed question. For now, the answer to it is negative. A number of representatives of the bloc, including the secretary-general, Manfred Woerner, himself, have stated this. The reasons are not indicated directly, but, from analysis of the organization's policy recently, several probable reasons can be delineated.

First, NATO will receive no political or military advantages from expansion of its membership. The two blocs—Warsaw Pact and NATO—have existed as antipodes of each other, and the reinforcement of one meant that the other fell behind. Under the new situation, the Warsaw Pact organization, in practice, has already ceased to exist and will cease to be that military factor, to oppose which NATO would be interested in admitting new members to its numbers. Reinforcement of any coalition makes sense, first and foremost, given the presence of a common threat for all member countries. Once this threat weakens or drops out, it is natural for NATO to insist on preservation of its present membership.

Second, these are considerations involving the disarmament process. The negotiations in Vienna continue to be conducted on a bloc basis. Even in the event of the breakup of the Warsaw Pact, this foundation will be preserved as the methodological basis for determination of the ratio of forces and their further curtailment. If NATO admits new members, this basis will expand, and a new basis will have to be sought for the conduct of negotiations.

Third, this is the aspiration to avoid provocation of the USSR. It is thought that the admission of the former socialist countries as NATO members would be taken by the Soviet Union with suspicion, would cause changes in its foreign and defense policy, and would delay further development of the all-European process, especially in the military sphere. Such a possible change in USSR policy is assumed to result logically from any NATO expansion. This being the case, the bloc would have arrayed against it a distrustful and suspicious Soviet Union.

Fourth, this is the question of organizational changes in the bloc's political and military structure. The admission of new members means the integration of their armed

forces into NATO's United Commands, the reexamination and reworking of plans for operational and combat training, standards, and so forth. This leads to a number of problems of varying nature, which the organization's leaders probably judge to be undesirable.

[20 Feb p 4]

[Text]

### 3. Pragmatism and Flexibility

The crackup of the Warsaw Pact's military structure, in practice, has deprived Bulgaria of the possibility of relying on its former guarantees of national security that came from the organization. At that time! More and more frequently the new leitmotif begins to be heard, "Let's become a NATO member." Is this possible? Does the North Atlantic Treaty Organization desire it? We continue our interview with Major General Kamen Petrov, secretary of the National Security Council.

[Uzunov] Major General, sir, what does Bulgaria's possible membership in NATO mean to you as a military expert?

[Petrov] The idea of Bulgaria's entry into NATO has frequently been launched recently. The Grand National Assembly is no exception, either. In our interview, the organization's attitude toward East European countries has already been referred to. Therefore, let us try to answer whether Bulgaria's entry into NATO would offer it only advantages.

First, NATO was established as a military-political coalition to avert the supposed danger on the part of the Soviet Union and its Warsaw Pact allies. In entering the organization, Bulgaria would have to accept this military-political orientation—the organization's orientation. In other words, the USSR would be regarded as a threat to us—a hypothesis completely untenable from a historical, political, or any other viewpoint.

Second, the thesis that Bulgaria's membership in NATO would protect us against a complication of relations with some neighboring countries is not borne out by the bloc's practice. For example, Greece and Turkey's common membership has not contributed to the elimination of the long-existent tension between them that is taking on the form of military rivalry.

Third, entry into NATO would mean that our armed forces would be trained according to the standards of the organization, would participate in the policy of arms standardization, and so forth. Rearming our Army with Western models of weapons would be extremely burdensome economically.

Proceeding from the above considerations, we can draw the conclusion that Bulgaria's intention of membership in NATO will not be accepted by the organization itself and, in the hypothetical case that it were admitted, that would necessitate a number of political and economic

burdens for the country without sufficiently reliable guarantee that our national security would be strengthened.

[Uzunov] Does this mean that Bulgaria should take no steps to cultivate relations with NATO?

[Petrov] Certainly not. What's more, we are lagging behind in this respect, as compared with some East European countries.

If we scrutinize Bulgaria's interests in cultivating and expanding relations with NATO, the following possible goals should be set:

- Improvement of Bulgaria's image in Europe and a search for support of the democratic process in our country.

- Besting the attempts of the former socialist countries of Central Europe to "isolate" Bulgaria from the integration processes in Western Europe.

- Opportunities of personnel training and information exchange in the Western countries.

- Creation of favorable opportunities for economic and other support and of additional conditions for Bulgaria's integration into a united Europe.

- Strengthening of ties to individual NATO member countries, especially Greece and Turkey.

Bulgaria's aspiration for rapprochement with NATO will complement its aspirations for membership in the European communities and will dispel all doubts regarding the sincerity of our country's foreign policy change, as well as the reservations of the United States toward a purely "European" orientation of Bulgaria as one of the former socialist countries.

Bulgaria is not starting its relations with NATO "from scratch":

- Recently we established official relations with the organization through our ambassador to Belgium, also accredited to NATO.

- Several meetings of NATO representatives with our representatives have also already been held—two of the minister of foreign affairs of Bulgaria with the NATO secretary-general, and a meeting of a group of Bulgarian parliament members with the highest NATO officials, including Mr. Woerner.

- The President of the Republic visited the Council of Europe in Strasbourg.

- A visit of the NATO secretary-general is impending.

- Preparation of a "roundtable," with participation by representatives of NATO and Bulgaria in Sofia is in progress.

- It is expected that, in the near future, the president of the Republic or the prime minister will visit Brussels

to conduct a series of meetings at the organization and to deliver a speech in several NATO forums.

I want to emphasize once more that, in considering the questions of cultivating our relations with NATO and the possibilities of integrating our country in it, no distinction should be drawn between the political and the military NATO organization. Obviously, our country should take into account, first and foremost, political factors.

[Uzunov] What are the principal areas for the gradual cultivation of relations with NATO?

[Petrov] Among the possible areas for gradual cultivation of NATO relations, the following might be indicated:

- Meetings at various levels and with various representatives—statesmen and governmental leaders, diplomats (including energization of the embassy's activity in Brussels), particularly parliament members (especially within the framework of the North Atlantic Assembly), scientists, military men, and so forth.
- Mutual information and possible consultations on important political questions.
- Seminars, joint research, and projects in the area of security and disarmament.
- Instruction of military men and diplomats.
- Conducting, under the aegis of NATO, meetings and discussions between Greece, Turkey, and Bulgaria, devoted to the strengthening of stability and security in the Balkans.

After the establishment of regular practice and in accordance with the degree of necessity and the creation of other conditions, we could gradually aspire for the status of observer in some or all NATO forums. At the same time, we must not forget our old ties to the Warsaw Pact, either, even though with minimal—but still not utterly exhausted—possibilities.

[Uzunov] The most important thing for our foreign policy strategy after what has been said thus far!

[Petrov] In the context of the search for new paths to guarantee the country's security, it is especially important at this stage to be aware of the country's permanent and lasting interests, unburdened with ideology, and to discover the resources and partners for realization of these interests.

In this sense, we should proceed from the thesis that Bulgaria has permanent interests while, as for partners, they may vary. A flexible policy such as this would enable Bulgaria to bring back the conditions for free development without threats, without paying the former price for it.

## HUNGARY

### Retired General on Soviet Nuclear Weapons

AU2904114991 Budapest *MAGYAR NEMZET*  
in Hungarian 25 Apr 91 p 1

[Unattributed article: "Bela Kiraly: Nuclear Missiles in Hungary Were Probably Aimed at Targets in Northern Italy Since the Fifties"]

[Text] There must have been Soviet intermediate-range nuclear devices aimed at industrial targets in northern Italy in Hungary since the fifties. Retired General Bela Kiraly told the MTI correspondent in Washington that this fact was probably the Soviet military leadership's main argument against the withdrawal of Soviet troops and against Hungarian neutrality in 1956. At the same time, the retired general and the parliamentary deputy called the statement by Karoly Grosz' a piece of politically-directed sensationalism, the content of which was not new at all to NATO. According to Bela Kiraly, the crisis of the Hungarian Socialist Workers Party is behind this "disclosure."

Bela Kiraly also said that he had learned from international scientific circles that in the fifties, before they had intercontinental nuclear weapons, the Soviets also deployed intermediate-range nuclear missiles in Hungary, presumably aimed at industrial centers in northern Italy. Experts generally agree that Georgiy Zhukov, Soviet defense minister at the time, argued against withdrawing Soviet troops from Hungary and accepting Hungary's neutrality in October 1956 precisely because, by withdrawing, the Soviets would have given up not only conventional military bases, but also nuclear bases in Hungary.

Bela Kiraly also condemned the fact that, because of the initiative of Karoly Grosz, this issue has been made public. "We should not reveal things that the world at large was well aware of; this will not give us political advantages in the West, and will hurt us in the East. We must open up wide to the West, but this does not mean that we should close the gates to the East. Kiraly went on to say that "it is unfortunate that the Soviet officers studying at the Zrinyi Military Academy in Hungary will be recalled as a result of the prevailing atmosphere."

### Planned Reorganization of Border Guards Suspended

91CH0471A Budapest *NEPSZABADSAG* in Hungarian  
13 Mar 91 pp 1, 5

[Article by Attila Gy. Fekete: "Border Guards: Conscripts Will Remain"—first paragraph is NEPSZABADSAG introduction]

[Text] (From our correspondent) The Hungarian Border Guard gave up its earlier concept and, although the objective is still to have mainly professional guards by 1995, the new concept calls for maintaining a force of

200-300 conscripts for each border guard region. The reason for the decision was that no one can say for sure what the effect of the introduction of the Soviet world pass will be on Hungary. Another reason was that twice as many illegal aliens were caught during the first two months of this year as in the same period last year, and according to expert assessment of the situation, it can only get worse with the approach of the tourist season.

Everything has stayed the same at the border region. As we learned from Janos Zubek, contrary to rumors, no stiffer measures were taken at the Yugoslavian section either. According to Zubek, spokesman for the Ministry of the Interior's Border Guards, the southern region continues to be quiet, Yugoslavian internal political events have not elicited a flood of refugees onto the border.

Regardless of all this, the strict measures taken at the outbreak of the Gulf war are still in effect for the entire length of Hungary's borders. The only change is that the personnel's extra two-plus hours of duty has been discontinued. But everyone entering at the crossing points continues to be strictly checked. Up to now, 270,000 travelers have been subjected to a "secondary," i.e., an all-inclusive, thorough check, and 5,946 persons who wanted to enter were denied entry because of various irregularities.

During this past period, the border guards have not seen any aliens who were members of any known terrorist organizations. However, the NEPSZABADSAG learned from official sources that a single terrorist-suspect did indeed enter Hungary, and that the slowness of the information network connecting the appropriate authorities was the only reason that he was able to leave the country in time. The Hungarian Border Guards neither confirmed nor denied this information.

On the other hand, Janos Zubek told us that a state-of-the-art computer system will soon arrive from the United States and that its data will be available not only to the border guards but also to the criminal police and the National Security Office. This will greatly reduce the chance of a criminal under a national warrant of arrest to flee abroad.

During the first two months, the border guards arrested four times as many illegal aliens as during the same period last year, and the number of illegal aliens is expected to further increase with the coming tourist season. Most illegal aliens enter Hungary with valid travel documents and then head for the green border after a longer or shorter stay.

Most aliens come from Romania. Pakistan is second on the national list of illegal aliens, Turkey is third, and Bangladesh is fourth. It is a warning sign that while only 261 Soviet citizens were caught trying to leave the country toward the west during all of last year, already more than 60 have been caught during the first two months of 1991. The Soviets entered with passports and, following the Romanians' example, tried to continue

across the green border. The experts think that this is what we must expect with the introduction of the Soviet world pass, although no one can say for sure what the effect of less restricted Soviet travel will be on Hungary. Officials are looking forward to National Border Guard Commander Maj. Gen. Balazs Novaky's imminent talks in Moscow, during which some of these issues may perhaps be clarified.

Neither the experts nor the politicians support the idea of visa requirements, and holding the influx of Soviets to a minimum will probably be attempted by making foreign currency exchange compulsory. They do not expect much action on the well-defendable, Soviet-Hungarian green border. Thus, there is every indication that a possible wave of Soviet economic refugees will crash on the western border.

In the future, then, although the borders will be defended by professionals, action units consisting of conscripts will also remain. The question is, of course, how the border guards will pay them. According to some estimates, they deplete their budget for this year sometime next fall.

## POLAND

### Reshaping of Border Guard Service Described

PM3004103791 Szczecin GLOS SZCZECINSKI  
in Polish 22 Apr 91 p 4

[Article by Roman Debecki: "Open Yet Still Protected"]

[Text] On 19 May the Border Protection Troops [WOP] will be dissolved. Naturally this does not mean that our borders will henceforth stand open, undefended and unprotected. Their defense and protection will be the task of a new formation, the Border Guards. Two relevant parliamentary laws which have been in force since 11 November last year, the Law on State Border Protection and the Law on Border Guards, oblige the internal affairs minister to set up a new formation within six months. Thus, the deadline will pass on 19 May.

The Border Guards constitute one of three independent bodies within the Ministry of Internal Affairs. Their brief is to protect the state border, control border traffic, protect our interests within our territorial waters, and also deal with immigration matters.

The Border Guards will command about 17,000 officers and civilian staff. They will comprise 14 divisions and some 150 border guard stations. It is already known that several marine border guard stations along our sea border will be disbanded, while nine new border guard stations will be set up along the USSR border and one along the Czechoslovak border. Depending on the needs and the level of threat to the given sector of the border, the Border Guards divisions will number 300-350 officers and civilian staff. Between 15 and 25 Border

Guards members will man border guard stations, while border crossing posts will employ between five and 25 officers.

How will the Border Guards divisions be dispositioned?

As recently as a few years ago this information would have been an official secret, whereas today we can disclose, without fear of revealing state secrets, that four Border Guards divisions will be positioned along our border with the USSR (1,229 km): the Ermland-Masuria Division, based in Ketrzyn; the Podlask Division, based in Bialystok; the Bug Division, based in Chelm; and the Bieszczady Division, based in Przemyśl. The last division will also be responsible for the discharge of tasks along the Czechoslovak border.

Along our border with Czechoslovakia (1,310 km) there will be six Border Guards divisions: the Bieszczady; the Carpathian, based in Nowy Sącz; the Beskidy, based in Cieszyn; the Silesian, based in Raciborz; the Sudeten, based in Klodzko; and the Lusatian, based in Luban. The last one will also be responsible for the appropriate section of our border with Germany.

Our Western border (460 km) will be protected by three Border Guards divisions: the Lusatian; the Lubusz, based in Krosno Odrzańskie; and the Pomeranian, based in Szczecin.

Our sea border will be protected by one Border Guards division. This will have at its disposal assets hitherto controlled by WOP, the Navy, and maritime offices. For example, about 1,200 sailors and some 50 seaborne vessels will be transferred from the Navy to the Border Guards. In addition, the latter will have at their disposal two control ships and one patrol aircraft. These will be deployed to detect and prevent contamination of our territorial waters. Previously, because it was impossible to control and prevent practices resulting in contamination of our territorial waters—for example, through high penalty payments—our waters were regularly contaminated by foreign ships calling in our ports.

According to an announcement made by Colonel Professor Marek Lisiecki, commandant in chief of the Border Guards, the numbers of border guard stations, border control posts, and border crossings will be liable to change in the future, depending on the requirements of efficient border protection as well as the intensity of border traffic. Col. Lisiecki also announced plans for the introduction of intensive specialist training for Border Guards officers (including female officers) and for application of the findings of practical experience gained by similar border protection services in other countries, especially France and Germany.

## YUGOSLAVIA

### Statements by Generals on Army Position

91BA0600A Ljubljana NEODVISNI DNEVNIK  
in Slovene 22 Apr 91 p 6

[Article by Peter Kavalar: "Respect for All Democratic Solutions"]

[Text] Dobrna, 22 April—As we have already reported, on Friday evening at the Dobrna Hotel there was an interesting conversation with Generals Konrad Kolsek and Ivan Tominc, the heads of the Fifth Army District. Both of them asserted that the JLA [Yugoslav People's Army] had never, and would not, plan a coup d'état, would respect any democratic solution for the future fate of Yugoslavia, and would never consent to armed conflicts among peoples or to a civil war. Until a new agreement is reached, the JLA's constitutional role naturally remains in effect.

Both generals repeated and demonstrated the justification for the JLA's existence, since the situation in Europe is still such that war is still a possible solution for political crises. They also said that the JLA is having serious financial difficulties, since only Montenegro is making payments into the federal budget for the JLA. It is about 16 billion dinars short. Because of the lack of money, it has frozen plans for a supersonic aircraft and a new helicopter. The JLA is cooperating with 410 enterprises in Slovenia. It is ordering less, because it does not have any money.

They also answered many questions, some of them very precisely, and others rather indirectly.

[Kolsek] As far as I know, Peterle and Kadjevic talked about Slovene conscripts, TO [territorial defense], and the financing of the JLA.

[Tominc] We did not steal anything from the TO headquarters in Ljubljana. That is an uncivilized accusation, just as it was uncivilized that water, electricity, and heating were taken away from the headquarters. That is what Saddam Husayn did in the foreign embassies.

[Kolsek] The agreement with LB [Ljubljana Bank] for the lease of the building in Prezihova expired and was not renewed; that is why we moved away. Everything that territorial defense has is its property. Territorial defense is not a paramilitary organization. We will soon jointly look over the weapons placed in safekeeping.

[Tominc] Slovenia does not have a military doctrine, nor does it have people who could train its soldiers. Also, with a seven-month period it is not possible to do the job so that the Slovene army would be continually replenished. We are gradually reducing the number of soldiers, and we will move out of several barracks. How long the current Slovene soldiers will be in the JLA will be decided in an agreement between Ljubljana and Belgrade.

[Kolsek] An honor guard for Milosevic at the grave of the unknown soldier on Avala is in accordance with the rules. That would also be the case if Milan Kucan or some other statesman paid his respects.

[Tominc] The hammer and sickle are still on the flags of proletarian units. The soldiers' oath is still the old one. Soldiers will soon be able to go to church in civilian clothing in their free time. Naturally, they can wear a cross or crescent moon under their shirts. Religious newspapers can also come to the barracks. The removal of the party from the JLA was quick; but depoliticization will be slower.

[Kolsek] The JLA acted in Pakrac, Belgrade, and Plitvice at the orders of the SFRY Presidency, not President Jovic.

[Tominc] I feel good about being a Slovene in the JLA, and I am not indifferent when I hear criticisms about an occupation army, traitors...

[Kolsek] Of course we will remember Tito's death. He was a great soldier and man, and the whole world recognizes him for that.

[Tominc] We carry out orders, since we are professionals. Unconstitutional orders, of course, should not be carried out.

[Kolsek] The Croatian police wanted to fly to Knin with helicopters for their own purposes. They announced one helicopter, and flew three; they announced one direction, and flew in another. They were turned back by flight control, which was mixed, military and civilian.

Both generals also said that the JLA had helped a great deal during last year's floods in Slovenia, and collected more than 10.5 million in voluntary contributions throughout Yugoslavia. They will help wherever it is necessary. Kolsek stated with pride that he came from Savinjska Dolina. In response to a question about membership in the League of Communist-Movement for Yugoslavia, Tominc answered that political membership was a personal matter. There is no more political indoctrination in the JLA. The Serbs in Knin do not have JLA weapons.

## CZECHOSLOVAKIA

### Pithart on Constitutions, Slovakia, Civic Forum

91CH0498A Prague FORUM in Czech 2 Apr 91 p 16

[Interview with Petr Pithart, prime minister of the Czech Republic, by Petr Bartos and Jan Vavra; place and date not given: "More and More of the Countryside"]

[Text] [FORUM] Mr. Prime Minister, when you took office you had a certain concept of Czech nationhood. What is the status of this idea currently?

[Pithart] In other words, what should this be, this Czech nationhood? Basically it means that there should be a shared awareness that there exists here a certain civic "we," something that is larger than individuals, that extends beyond private and local allegiances, a consciousness that I hope people have retained even through recent years, but which unfortunately has sunken to a very low level, so low that people are starting to say "they." I personally view these all-overarching ties as the annual growth rings on trees. If these ties are to be strong and at the same time conscious, and balanced, they must be composed of layers of loyalty that begin with a tie to the place where a person lives, then to the community, then to the region, then to a broader region and only then to something as abstract as a people and then an entire national entity such as the Czechoslovak Republic.

Once you go beyond the boundaries of any of these "annual rings," you are threatened with the ideologizing of your feeling, with nationalism. In my opinion, nationalism is an uprooted human sentiment that lacks a certain kind of concrete, local loyalty. At times I compare this to putting a ladder up against your house. As you climb higher on the ladder you see more and more of the countryside. You are at home in each piece of territory, and all of them are centered on your home. This is the only way to satisfy the need, in the positive sense of the term, for identification with something, and only this way can you build up a calm and balanced sense of "we," a feeling of identity with the whole, which makes its way without the image of an enemy. Once you become frustrated and approach the matter hurriedly, impatiently, jumping over some of the annual rings, you run the risk of succumbing to ideology, to intolerance.

This sense of nationhood is very intense all around us, meaning in Central Europe. As Czechs we have a deeply seated mistrust in all such overarching values. We are skeptics, and this is good in that we are not likely to go rushing into anything. But it is also bad because we do not want to believe in anything. We remain within our private lives. Therefore the process of self-awareness will last much longer here than elsewhere, but the end result should be just such a calm, self-aware feeling of a civic, Czech "we." This self-aware "we" is in my view an indispensable value. In fact, an integrating Europe is made up of many such "wes."

[FORUM] Moravians are demanding their own constitution, calling for a federated order that would probably be unacceptable to the Slovaks. What is the policy of the Czech government in this matter?

[Pithart] Our idea of a federated order is along the lines of the federated order of Austria, or of the FRG.

For Slovakia, though, this kind of order is unacceptable because in one way or another it increases the importance of an integrating element, the center if you will. The Slovaks would consider a three-entity order only as a way to achieve a confederated arrangement based on a national treaty that would weaken the center. This is, however, a completely unacceptable resolution! It is not even a question of whether we would or would not desire it, or that it would be an immensely complex legal structure, but that we would have to forcibly dissolve the Federal Assembly for a period of time! This means that the Federal Assembly would have to declare its own demise, since only then could the national councils of both Republics sign their own treaty.

[FORUM] What is your assessment, Mr. Prime Minister, of the recent actions of the Slovak delegates?

[Pithart] We have let ourselves be distracted for too long. We have been explaining Czech-Slovak relations exclusively in terms of categories such as Slovak national interests or the need to satisfy a "Slovak identity." I now ask, and it is not a rhetorical question, whether Slovak society may not have a somewhat different concept of social organization? Do the Slovaks understand, as we in Bohemia, Moravia, and Silesia understand, that economic transformation is essential? Do the Slovaks perceive with the same intensity as in Bohemia the need for sacrifices, without which this transformation will not be possible? It seems to me that in Slovakia they are for reform in words, but that they think that the entire process can take place much less painfully. If this is the case it is probably because Slovak society does not share the feeling of the Czechs that they have "fallen a long way." In Slovakia, after all, the past 40 years have not been so clearly a movement backwards as they have been for us. We have some catching up to do. The Slovaks, in other words, may feel less intensely that economic reform is needed, or that many sacrifices are essential along the way. This of course does not apply to the entire Slovak delegation. Overall the delegation is beginning to clearly differentiate.

[FORUM] Certain political forces in Slovakia are still devoting their efforts to the building of an independent Slovak nation. Do you think that the Czech side has any desire for an independent existence?

[Pithart] I think that the answer is no. There is, to be sure, a certain paternalistic attitude on the Czech side, made up in part of a feeling of superiority and in part a feeling of ingratitude. Superficial reactions may therefore be of the form, "enough, let's be done with this" or "let them go their own way," but in reality most citizens of the Czech Republic, I am convinced, are aware of the

immense price this would entail. And I do not think that it is simply a question of an economic calculation. The opposite may in fact be true. An economic calculation might show that in the long run we might be better off, even though this would not be the case in the short run, because of the need to implement hundreds of administrative measures, set up offices for months at a time, stop the economic reform, etc. I am certain, however, that Czechs, Moravians, and Silesians are quite aware that after such a long period of living together, to separate would represent a great loss, and not only in the material sense. Everything has its limits, of course. I can imagine a situation where the unanimous opinion would be to "let the Slovaks go it alone." This could happen quite soon, and I would not be happy to see it happen.

[FORUM] The Slovak government has submitted a draft constitution for the Slovak Republic. You have probably had the opportunity to acquaint yourself with it. What were your impressions, and when do you think the Czech side will do likewise?

[Pithart] Until the last minute the Czech side abided by the agreement that all three constitutions were to be discussed at the same time and ratified at the same instant. The fact that the Slovaks have a constitution ready does not mean that it is the constitution that will be presented to the Slovak National Council for ratification. I am almost certain that several constitutional drafts will still appear. What this does indicate is that the agreement is being interpreted quite freely and this unfortunately does not allay the suspicion that the Slovak side wants to present us with a fait accompli. We, however, are not going to play this game, and will continue to assume that officially the Slovak constitution will be discussed at roughly the same time as the Czech and federal constitutions. The Czech side respects the Slovak need to provide an opportunity for the expression of the free will of both constituencies that make up the foundation for coexistence as part of constitutional ratification. We think of this as a joint declaration of majority political power, or as an agreement that in any case will not have a strict legal form. The Slovaks, unfortunately, allow such an act only as a legal act. They say that it does not have to be a national treaty, but "something in that vein." They are not satisfied with a political form for such an expression of common will. The only problem is that no one is going to be able to set one up this way if one assumes that the Federal Assembly is not going to voluntarily dissolve itself.

[FORUM] What is the philosophy behind the draft constitution of the Czech republic, and what are its main points of emphasis?

[Pithart] I am convinced that the Czech constitution will be based on the principle of home rule, as the principle on which civic society in Moravia, Silesia, and Slovakia will also be based. We really consider democracy to be synonymous with home rule. We have devoted considerable time to this issue, but so far have not had the degree of success we hoped for. The dissatisfied part of

Moravia is an example. Further evidence is the functioning, or more accurately lack of functioning of local government without effective economic measures. Nor have we yet put in place a full set of government administrative offices. However, this problem occupies more of our time, and bothers us more, than it does the Slovak side. This is the case clearly because Bohemia still has a thriving tradition of a civic society and a civic society is one which, broadly speaking, can operate independently of a nation and national institutions. The attention we will place on home rule in our constitution will be the chief difference between the two constitutions. Of greater importance is whether the two documents can find any common ground at all. This means the willingness to share the federal structure of our country, and unfortunately we cannot yet be sure that this will be the case.

[FORUM] Permit us to shift to the issue of Civic Forum. Do you consider its "divorce settlement" as the natural end of a "revolutionary" form of national partnership, or as a political error caused for instance by the ambitions of certain politicians?

[Pithart] Generally speaking, it should not have happened, and if it was going to happen it should have happened much earlier. I interpret what happened as follows: No revolution (leaving aside the question of whether 17 November was a revolution or not) is able to fulfill the expectations it creates. It always raises more hopes than it satisfies. So the time of disenchantment and disappointment always comes. This is the time when either there is a "second revolution" or there is not. Very few countries have avoided this second revolution. The American revolution avoided a second revolution 100 percent, but in the modern period only Spain has successfully done so.

What does a second revolution mean? It begins by searching for those who are responsible for the revolution not meeting its expectations. The search begins for enemies, traitors, and frequently corruption (those who have "sold out" the revolution). New people come on the scene who want finally to take the revolution into their (the right) hands and accomplish what the enemies, traitors, and corrupt people messed up. All this in an atmosphere of an immense call for simple answers, direct and radical solutions. This cannot be avoided. The only question is whether significant political leadership is available and willing to meet this demand. There are always extremist groups ready to do so, but they are not significant political forces, only peripheral. If there exist important political forces willing to meet this demand, then there inevitably will be a fragmenting of the protagonists of the revolution. New leaders look for new people: disgruntled, angry, impatient. I think that the jury is still out on whether anything like this will happen here, or whether we will succeed in avoiding this second revolution, which is always an unfortunate event. There have, however, been attempts to go in this direction.

I do not think that the division between the Klaus wing and the Civic Movement wing has to do with objectives. The division is rather one of political style, rhetoric, methods, and resources. As well as in different accents. The Klaus side will probably emphasize the market as a kind of universal savior, while the other group will doubt that this is true, but will not want to make an issue of the market. The Civic Movement will have more respect, I hope, for what, from a market perspective, seems irrational, or silly, meaning that it will have a greater understanding for both regional and national peculiarities. It is, after all, certain that a market is most easily implemented in a uniform country run by technocrats. From this perspective not only home rule, but regional and national peculiarities are somewhat disruptive. Culture, the environment, and the voices of the socially weaker elements are also disruptive. In fact everything is disruptive to a narrow conception of a market that cannot factor in all variables. I am not saying that Vaclav Klaus will not be able to do this.

The Civic Movement will clearly want to position itself around the political center. The center, however, can be especially receptive to demands from both the right and the left. It must be assertive, stand for exchanges of views, and for communication. It cannot simply withdraw into itself and cultivate the purity of its line. In fact, in this sense the center has no definitive line. Many will probably criticize it for this, but this can be the most valuable characteristic that the center possesses. It can, but does not have to. This means that it tends to be in favor of openness on all sides, communication, and reconciliation rather than for the assertion of preconceived ideas and strategies. Such preconceived ideas often are dogmatic and ideological.

However, all of this should have occurred after the elections. By differentiating itself today, the Civic Forum is doing so in a situation where the risk of adopting extreme positions is too great. This is a risk, by the way, that faces not only Civic Forum, but our entire society. This is why I said that if this had to happen it should have happened earlier, in a less agitated situation.

[FORUM] Do you think that the idea of a broadly based political movement, as advocated for instance by Minister Dienstbier, when he speaks of the possible participation of for instance, the Left Alternative, has a political future?

[Pithart] No, I do not think it does. I think that Civic Movement will probably have to have a different structure in some places than in others where it already has specific political responsibilities. This specifically applies to the diplomatic corps and governments where there will undoubtedly have to exist an institutionally limited interrelationship, a responsibility. But I can imagine that a preponderance of horizontal ties in places can be combined with clearly defined vertical responsibilities closer to the power centers. But only a combination of these two organizational principles is possible. A loose, unconnected, horizontally dispersed movement

cannot handle responsibility either before the voters or within itself. There are certainly some people who still nostalgically remember the first months, when everyone finally came to decisions with everyone else. This, however, is a quite dangerous nostalgia because it puts them in the same situation as a child that does not want to grow up. It is a fear of maturity, which I equate with responsibility. The holiday is over, simply, there is nothing we can do about it, and any attempts to introduce a holiday atmosphere are distracting. Of course the experiences were powerful. I would even say that there is a price to pay for everything associated with the adjective "velvet", that amazing ease, sense of improvisation, the intoxicating feeling of community. The more intoxicating the experience, the higher the price that must be paid later. In other words, sobering up is just as unpleasant as the awakening of a child to daily life, the daily responsibilities of a responsible person.

[FORUM] Do you think that there will be another division within the Civic Movement?

[Pithart] I don't think so. At least not before the elections.

[FORUM] And in the future?

[Pithart] Yes, probably, but I would also say that the same will be true of Klaus's party. Look, so far political positions have corresponded only to who criticizes someone. They do not represent the diversity (based on interests) of social reality. I do not exclude the possibility that some "old leftist" in Civic Movement can begin to search for his own platform. This could result in a splintering, because when I spoke of the center I was speaking of a center surrounded from the right rather than the left. Now, both large groups of the former Civic Forum will stay in step and make sure their councils are unified. It is probably impossible to avoid further divisions, and this is even desirable, if it comes at the right time.

The key is that this cannot happen again in a tense situation. As much as possible it should occur in a calm and civilized way, because what happened inside Civic Forum prior to the split cannot be called either calm or civilized. It happened over a long period of time at the expense of the calm functioning of the government and at the expense of social responsibility.

[FORUM] Mr. Prime Minister, thank you for the interview.

### **Nuclear Energy Potential Discussed**

91CH0446C Prague HOSPODARSKE NOVINY  
in Czech 28 Feb 91 p 6

[Article by Eng. Otmar Hrazdil and Eng. Otakar Vojtech, Nuclear Research Institute, Rez: "Will We Become Producers of the Technology of the Future?"]

[Text] The discussion about building and operating nuclear power plants in Czechoslovakia is once again becoming the focus of attention. Therefore, today, we are presenting several contributions dealing with the future of nuclear power plants.

Over the course of more than three decades, nuclear energy has become a significant source of energy in most of the developed countries of the world. About one-fifth of all energy produced in the world comes from nuclear sources, and in some countries more than half the energy needs are produced by nuclear power plants. Despite the reduction in energy supply and demand that has occurred throughout the world during the last few years, research to develop next generation nuclear power plants is considered to be absolutely necessary.

#### The Priorities of the Offensive

The breakdown in Chernobyl made many people skeptical about nuclear energy, and there is no doubt that it slowed down the development of nuclear energy on a world-wide scale. However, the attitude toward nuclear energy is being reassessed in many countries because it undeniably has more advantages than disadvantages. This statement can be substantiated especially by the following reasons:

- From the medium and long-term perspective, there will probably be another crisis in the supply of crude oil, and the present situation in the Persian Gulf is direct evidence of this;
- Nuclear energy is a significant source of energy that enables industrially developed countries, which do not have larger supplies of fossil energy resources, to overcome their vulnerability in relation to energy supply. Nuclear energy is especially advantageous to create reserves in case of an embargo;
- Intensive export of next generation nuclear technology will stimulate further research and development in the future. Nuclear energy technology has attained an advanced level in relation to current light and heavy water power reactors; nevertheless, there is still an enormous amount of latitude for further technological development in the field of nuclear energy as a whole.

#### What Forecasts Concluded

Opponents of nuclear energy often argue that it is possible to use energy sources, which are unconventional at this time (sun, wind, and biomaterials). Although these are renewable resources, their practical use now and in the near future is unrealistic. The following table shows the forecasters' estimates (values are in GWh) made in 1978 for 1989 and the actual situation, which we already know:

	Solar Power	Wind Power	Biomaterials
Forecast	3,000	2,000	5,000
Actual	4.6	24	100

If people relied on these forecasts, many countries would now be having considerable difficulties with their energy balances. For example, if they had listened to the "green dreamers" in Sweden and had abolished nuclear power stations, they would be short of almost half the electrical energy needed.

A necessary condition for using nuclear energy is public support, and therefore a great effort must be made to provide accurate and comprehensible information on nuclear energy and its advantages.

Compared with other technological systems, research into the safety of nuclear reactors was probably most systematic and thorough and was conducted on the largest scale. It has also become normal practice to seek international cooperation in the field of research into nuclear safety. An enormous amount of data and methods of research into nuclear safety have been collected and are available for the purposes of other technological fields.

#### Heating Plants To Follow Electric Power Plants

From the beginning of the 1970's our nuclear energy began to be oriented toward the Voronez type of water-cooled and water-moderated nuclear reactors. In December 1978 the first unit of the V-1 nuclear power plant in Jaroslavske Bohunice was started up, followed by the second unit in March 1980; both reactors have a nominal output of 440 MWe. Another two units with an output of 440 MWe were put into operation, again in Jaroslavske Bohunice, on the grounds of the V-2 nuclear power plant, and four reactors with the same output are operating at the Dukovany nuclear power plant. An additional four units with an output of 440 MWe are under construction in Mochovce and two units with an output of 1,000 MW in Temelin.

The first plans for the expansion of Czechoslovakia's nuclear power assumed the construction of four Voronez type units with a total nominal output of 4,000 MWe around Temelin. While the first two units are under construction at this time and will be started up in 1994 and 1995, the construction of the other two has been stopped and several renowned producers of nuclear equipment have been invited to take part in a competition to choose a general supplier.

It is obvious that the planned installed capacity would make it possible to shut down some energy sources that use fossil fuels, and this would be a significant step toward improving the ecological situation, especially in areas hardest hit by environmental pollution.

One of the companies that will take part in the competition in the CSFR to supply new generation power units is the Swedish-Swiss company ASEA BROWN BOVERI (ABB). In the second half of the 1970's this company started to assert itself with nuclear reactors that have passive (inherent) safeguards, which make the system "immune"

to human error and possibly even to malicious intervention. At the beginning of the 1980's the energy reactor project PIUS with an output of 600 MWe ensued from the nuclear reactor SECURE with a heat output of 400 MWt, used as a source of heat in nuclear heating plants.

From the ecological, as well as from the economic, point of view, the following table shows an interesting and extremely informative comparison. It lists some data in respect to heating plants with a nominal output of 400 MWt, alternatively using the nuclear reactor SECURE and traditional fossil resources for heat.

**Comparison of Heating Plants With a Nominal Output of 400 MWt**

	Traditional Heating Plant With Steam Generator for			Nuclear Heating Plant With SECURE Reactor
	Oil	Coal	Gas	
Atmospheric emissions through the chimney in t/year				
—Carbon dioxide	600,000	750,000	480,000	0
—Sulfur oxides	3,700	1,500	10	0
—Nitrogen oxides	1,500	2,000	800	0
—Heavy metals	15	2	0	0
Radiation emissions	Variable, sometimes high	Usually higher than natural background radiation	Weak radiation from radon	Less than 1/1,000 of the natural background radiation
Ash, t/year	250	20,000-50,000	40	0
Highly radioactive waste (burnt fuels)	0	0	0	1 m <sup>3</sup> /year
Transport of fuels	185,000 t/year	290,000 t/year	200 mil. m <sup>3</sup> /year	10 t/year
Storage of fuels	Difficult and expensive			Easy and cheap

What does this mean for us? Our countries must take an interest in constructing nuclear heating plants for two reasons. Czechoslovakia alone must assume that there will be an increase in consumption and therefore in production of heat and electric power primarily it must replace electric power stations and heating plants that cause pollution with modern resources in the near future.

The second reason is the established industrial base for the construction of nuclear facilities that can be used for the needs of the Third World, which is not saturated in this area at this time and will not be for a long time to come. We do not believe that anyone will be able to persuade these countries that it would be better not to produce any energy or heat at all.

Czechoslovakia is admittedly prepared to construct its own nuclear facilities as well as facilities for export as far as the breadth of the technological base is concerned, but not in respect to an advanced level of its own technology. The possibility of taking this over from companies, which are both willing and able to hand over the full extent of their technology, is an exceptional opportunity for the CSFR to become one of the producers of the technology of the future.

#### [Box, p 6]

At this time in the world, nuclear energy production includes 426 units that are in operation. Their total output is 318 thousand MWe in 26 countries of the world, and 96 reactors with a total output of 78 thousand

MWe are under construction. As a comparison, the total installed energy capacity in Czechoslovakia is 21.7 thousand MWe. Their maximum operational output is 13.7 MWe.

If the annual world production of electricity from nuclear power plants is 1,800 TWh, then it is 90 TWh in Czechoslovakia. The total share of nuclear energy in the production of electricity in the world is about 16 percent, and during the entire time of its existence, it has accumulated 6,000 reactor-years of operational experience.

#### Netherlands Investment Agreement Signed

LD3004072191 Prague CTK in English 2241 GMT  
29 Apr 91

[Text] Prague April 29 (CTK)—An agreement on the promotion and mutual protection of investments was signed here today by Czechoslovak Foreign Trade Minister Jozef Baksay and the state secretary for foreign trade in the Dutch Economic Affairs Ministry, Yvonne van Rooy.

The press spokesman for the Czechoslovak Foreign Trade Ministry told CTK that the primary purpose of the agreement is to promote investment in Czechoslovakia and help private Czechoslovak businesses. Both sides pledged to provide investors with reciprocal preferential treatment. The agreement was concluded for ten years and comes into effect next month.

The Dutch delegation was received by Czechoslovak Economics Minister Vladimir Dlouhy. Tomorrow the delegation leaves for Bratislava.

## HUNGARY

### Hungarian Exporters Rue Dwindling Soviet Market

91CH0454B Budapest HETI VILAGGAZDASAG  
in Hungarian 16 Mar 91 pp 5-7

[Article by Ibolya Jakus: "A Suspended Game"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] Is it a few companies that must be saved from collapse or is it the Hungarian economy that must be saved from a disastrous illusion connected to the Soviet market's "normal" functioning? A real debate is expected because, even after extended talks, representatives of the industrial, foreign economic, and financial portfolios failed to find a common denominator.

There are more and more indications that Hungarian companies producing for the Soviet market must reckon not just with temporary difficulties but with the Soviet Union's permanent insolvency. But the assumptions that the other East European countries, which chose clearing accounts, came out ahead of Hungarians who insisted on trade in free foreign currency without limitations, also proved false. Czechoslovakia, for instance, since the Soviet Union is shipping only a fraction of this year's orders, made a proposition the other day: It would be worthwhile to try changing from clearing to accounting in their national currency. Today it is no longer a convincing argument that the Soviet Union is striking back economically because of the political stance of Hungary's government in the process of "breaking away." They would even tolerate this accusation rather than openly admit their insolvency. Nowadays, the experts keep returning from Moscow loaded with explanations and promises, but these old foxes, returning without a single penny "collected," like to recall the 1981-82 Hungarian conditions when all kinds of bamboozling and tricks were needed to cover up insolvency.

According to the representative end-of-February survey of the Ministry of Industry and Commerce (IKM), Hungarian companies signed contracts for exports to the Soviets totaling about \$1 billion, but to date, the Soviet partners have promised barely more than \$50 million as payment for the goods. Because of this lack of payment, Hungarian firms cannot afford to ship the goods and, consequently, the value of accumulated export articles being stored in warehouses approached \$300 million during the first two months of this year. With the same level of output, \$400 million worth of finished articles may accumulate by the end of the first quarter. In the IKM's assessment, under such circumstances the operation of the companies can be maintained only until mid-April at the latest; after that, we must contend with a series of collapses. They say that, as a consequence,

about 150,000 to 200,000 jobs will be eliminated (120,000 at companies directly involved in the exports, and 30,000-80,000 at shipping companies).

Considering that hardly more than a year ago, Hungarian criticism, which demanded an explanation for decreased oil shipments, was countered by a reminder of the interruptions in the chicken and sausage exports, today the Soviet Union shows little interest even in Hungary's agricultural products. Experts of the Ministry of Agriculture (FM) say the situation is even worse in agriculture than in the industry. They think the main reason for this is that agricultural products have not been put on the indicative list. The population's supply of food and consumer products was put under the jurisdiction of the individual Soviet republics, but with only one or two exceptions, no export contracts have been signed with them. Even though, according to an FM official, 10,000 tons of "Soviet-quality" chicken and 4,000 tons of fattened geese "freed from their livers," which until now could only be sold in the Soviet Union in this condition, just like beef that cannot be sold anywhere else, are awaiting shipment. The time is approaching when canning factories must also start signing contracts for the production and shipment of produce and fruits, but in the absence of Soviet orders, this, too, remains an open question. But the FM says that the biggest problem is the almost 100 million liters of wine and champagne produced for export. Ministry officials reminisce with nostalgia about the times when large quantities of wine could be sold even before 7 November.

The Ministry of Industry and Commerce and the Ministry of International Economic Relations (NGKM) are bombarding the Ministry of Finance (PM) with a list of necessities supported by "exact" calculations. In this list, national losses from company bankruptcies resulting from increasing difficulties in exports to the Soviet Union were also considered, for example, 12 billion forints of unemployment compensation paid to each jobless person for nine months, 18 billion in lost income taxes, social security contributions, and profit taxes. They confront this with the 10-billion-forint credit needed for continuing production; the semiannual 36-percent interest costs of this credit amount to 1.8 billion forints. Since, in accordance with the IKM's recommendation, companies would obtain loans at a lower (10-percent) interest rate, the state's loss resulting from the difference in interests would be 1.3 billion forints. Of course, the PM and the Hungarian National Bank do not even want to hear of an automatic, and subsidized, financing of export shipments to the Soviets.

We are reminded in the PM that it is well known in company circles, for instance, that the fact that a product is on the indicative list is no guarantee at all that it will be bought; indeed, even a signed contract in itself is no guarantee. The only way for the exporter to be certain to get his money is to open a so-called uncancellable letter of credit. The PM reviewed the 1990 data of companies included in the IKM's representative list, and they found that the bankruptcy of exports to the Soviets was not the

only reason why some of these firms ended in an impossible situation (see box). It also turned out that on 28 February the companies surveyed had accumulated stocks sufficient for five months of exports.

The PM does not share IKM's opinion concerning the amount of losses related to unemployment either. The PM thinks that because of the missing ruble account exports, "only" 30,000 employees will lose their jobs. They think this number could grow to 50,000 only if all companies whose ruble account exports constitute more than 30 percent of their production would go bankrupt.

The PM expects significantly lower Soviet imports than predicted on the indicative list. They also assume that Hungarian exporters should not have much trust even in the "planned" \$800-million imports from the republics, because the latter have control over only 6-8 percent of the total foreign currency revenues. There is not much hope for cancelling Gorbachev's official proclamation that prohibits barter because, according to Soviet judgment, that would jeopardize the commodity stock that can also be sold for free foreign currency. It must also be expected that Moscow will be forced to use all of its revenues from imports to pay back its foreign debts. (This year the Soviet Union is expected to pay \$12 billion of its \$60-billion debt; one-fourth of this has already been refinanced to date.)

Considering all of this, PM experts came to the conclusion that credit financing of production aimed at exports to the Soviet Union, and thus, in essence the Soviet Union itself, is extremely risky both economically and politically, not to mention that the Hungarian economy is hardly able to do it. Instead, they recommend a change of market and an accelerated privatization or, where this is impossible, a slowdown or shutdown of production. The Ministry of Finance's point of view is that those companies which continue to trust the Soviet market may, of course, continue production at their own risk through loans obtained from their own banks at normal interest rates, but this should not be encouraged by the government. But Hungarian companies could count on the government's financial help in the form of the so-called export prefinancing structure, in case the Soviet partner should open a letter of credit. The reason why PM officials think this is important is that, even in the case of opening a letter of credit, the given company would get its money only after a delay of several months.

At the same time, Hungarian companies must be encouraged to change markets, but the PM can conceive this only on a market basis, i.e., through the use of the various development funds that already exist and the use of available credit for the change of structure, perhaps at a lower interest rate. The 2 billion forints set aside from the budget's reserve fund could be used as a source for the latter which, incidentally, corresponds to the interest subsidy of credits provided for financing the continuation of production, as described in the proposal of the Ministry of Industry and Commerce.

The most viable proposal for the management of companies in a crisis seems to be the one which recommends prompt privatization of 15-25 enterprises. In this case, a "true" owner could decide on the basis of market considerations whether he would choose a change of market or would be willing to make further sacrifices for the benefit of staying in the Soviet market.

Exports are not the only problems in Soviet-Hungarian economic relations. To date no agreement has been reached on the Hungarian balance surplus of about 1.2 billion dollars (calculated at the rate of 1 ruble = .92 dollars) that accumulated by the end of last year. As NKGM Head of Main Department Laszlo Timar said, the Soviets would like to repay the debt in five years; "the Hungarians, on the other hand, do not want to wait any longer than two, three years at the most." Although the value of Hungarian imports is precisely \$400 million higher on the indicative lists than the value of exports, Laszlo Timar thinks that it would be wrong to assume that Hungarians are resigned to get only this much back this year. The Hungarian Government is decidedly against connecting the issues of property and finances related to the withdrawal of Soviet troops with Soviet commercial debts.

### 1990 KSH Report: Downward Trend in Economy

91CH0457C Budapest MAGYAR NEMZET  
in Hungarian 2 Mar 91 p 9

[Unattributed article: "Economy Was Characterized by Decline and Slowdown in 1990's: This Was the First Really Lean Decade"]

[Text] Published by the Hungarian News Service, the annual survey of the economy prepared by the Central Statistical Office (KSH) concludes:

The number of single and joint enterprises rose rapidly after enactment of legislation, especially the Corporation Law. The number of private firms reached nearly 30,000 in 1990. The majority of the new firms were limited liability companies with a few workers and relatively little capital. Most of the limited liability companies were formed in domestic trade, the construction industry, and the machine industry. More significant growth was observed in joint-stock companies, while the number of subsidiaries decreased altogether by nearly one-fifth. At December's end, 60 percent of business firms were categorized as having fewer than 20 workers; 15 percent had 21-50 workers.

### Industrial Production Down

More than 3,800 of the 14,000 new business firms founded during the past year were created with the help of foreign capital. Thirty-six percent of the base capital of new joint-ownership companies, roughly \$400 million, was in foreign currencies, dominated by the U.S. dollar, German mark, and Austrian schilling. The bulk of the new joint-ownership enterprises possess a small base capital, 57 percent of them no more than 1 million

forints. Altogether, the base capital of 2.4 percent of them exceeds 100 million forints. These latter companies come in for 77 percent of the base capital.

After the stagnation of 1988-89, the sum of goods and services produced by the economy dropped in 1990, for reasons of demand and structure. The drop was observable in all major branches of production. Drought was also a factor in the production decline.

The drop in output also affected expenditures. For example, the volume of parts, imported articles, and semimanufactured products was 13-percent lower than in 1989. Energy use, measured in thermal units, fell by 6.2 percent. The number of employees of firms belonging to the materials branch dropped by 10 percent.

Industrial enterprises produced 4 to 5-percent fewer goods at comparable prices than in 1989. The drop occurred in firms employing fewer than 50 workers, amounting to 94-95 percent of industrial production. Production was 8.5-percent below the 1989 level. The slowdown was biggest in raw materials output, amounting to 13 percent of production. Production was down 3.9 percent in the energy sector.

#### **Housing Hardly Built**

The export of industrial products paid for in rubles trailed the 1989 level by 27 percent, and the dropoff in several exports was extensive. On the other hand, the export of industrial products paid for in other currencies increased by 13 percent.

The output, at comparable prices of construction companies that do half of all construction/installation work, lagged approximately 16-percent behind that of 1989. Overground construction activity showed the biggest drop, which is tied in with the slump in housing starts and the considerable decline in construction investments. In 1990, construction firms turned out 27-percent fewer dwellings than in the previous year. In this country 43,800 dwellings were constructed last year, 7,700, or 15-percent fewer than the year before. Ninety-two percent of dwellings were built privately and by resorting to credit. Dwellings built to be sold by the National Savings Bank and other financial institutions made up one-fifth of private construction.

Fifty-five percent of dwellings were built by local people, and 17 percent by other private builders. The latter have assumed a bigger and bigger role as a result of the depressed construction industry. The construction of dwellings in the capital city is characterized by data less favorable than the average: barely 7,000 dwellings were built, 22-percent fewer than in the previous year, and of these just 56 percent were state-sponsored dwellings.

#### **Farm Products Fewer, More Expensive**

The gross agricultural output in 1990 was 6- to 7-percent less than in 1989. Plant cultivation dropped by 10-11 percent, and livestock farming by 2 percent. Harvested

grain amount to 12.2 million tons, 18-percent less than in 1989. The cereal crop was average, but 36-percent less corn was harvested than in 1989. The fruit and vegetable crop decreased in 1990, but the output of wine and grapes increased.

At the end of the year, farms kept 8 million pigs, 4.4-percent more than the year before. The number of cattle was 1.57 million, and the number of sheep was 1.9 million, or 2- and 10-percent fewer, respectively, than the previous year. The number of domestic fowl was roughly 43.3 million, or 18-percent fewer than the year before. The purchase of livestock and animal products dropped by 7 percent in 1990. The drop caused a crisis at piggeries and dairy farms. The producer price and state purchase price of agricultural products rose an average of 31 percent.

The KSH survey concluded that the number of shipments also fell in 1990. The transport of goods by shipping companies dropped by 10-11 percent, passenger transport by 7-8 percent.

#### **Changing Cooperative Farm Into Private Company**

*91CH0454A Budapest HETI VILAGGAZDASAG  
in Hungarian 9 Mar 91 pp 83-84*

[Article by Klara Makara: "What Is the Kolkhoz Taking Away?"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] In the midst of tempestuous external political attacks, Sasad Cooperative was transformed last week into a joint stock company with the almost unanimous consent of its members. Executives of the rapidly expanding and prosperous cooperative in the outskirts of Budapest think that as long as a law, in this case the transformation law, is in effect, no one can be blamed for making the most of its provisions.

About 2,500 millionaires left the Sasad Cooperative's statutory general meeting last week in which a joint stock company was formed. The shares, divided between former members and representing assets worth 4 billion forints, also comprise the profits originating from the huge appreciation of land which is now bearing fruit through the co-op's profitable joint ventures in industry and the services.

But others also wanted a share of the Sasad assets that were worth, according to records, 1.7 billion two years ago, and are registered at 4.3 billion forints today, although they are worth more than 5 billion forints on the market. The giant, renowned, and profitable co-op is operated in the administrative zone of Budapest and seven smaller neighboring municipalities. In the past few months, many of the local governments involved have been trying to alleviate their dire situation by acquiring Sasad's lands. These municipalities would need land for their development, but the local authorities have no money for expropriations. Thus, they wrote a joint letter early this year to their parliamentary representatives,

requesting that at the eventual enactment of the land law, they urge for the return of lands which were formerly owned by municipalities and churches and which are now considered co-op property.

The local governments think that Sasad is now speculating in trying to reap the fruit of its executives' earlier party connections. Karoly Javor, the region's MDF [Hungarian Democratic Forum] parliamentary representative, said openly at his press conference preceding the transformation that the co-op is a beneficiary of earlier illegal nationalizations and dislocations. Obviously, co-op (today: company) chairman Laszlo Mihalik, who has been chief executive only for a year but has been an executive for nine years, thinks differently: "The lands owned by Sasad, accumulated in the 1960's through co-op mergers commanded from above, force booming Sasad to accept unprofitable co-ops in the vicinity. Subsequently, we purchased some land that we needed for moving our horticultural plant and for making new arable strips. Although our success is indeed due to our being in the vicinity of Budapest, a sensitivity to the market as well as flexibility were also needed to make use of the opportunities."

According to indications, local governments are afraid that company property, especially joint company property, will be better protected legally than the co-op was, and that the transformation will jeopardize the fulfillment of their hopes. Using the idea of their supportive representative, fliers signed "Mayor" urging against transforming the co-op into a joint company, were distributed last week among co-op members, and there was also a demonstration in front of the place where the general meeting was held.

The political pressure exerted on the voters and the Sasad management is also manifest in the letter of the minister of agriculture that was read at the general meeting, in which he took a stand against the transformation despite his acknowledgement that he had no authority in the matter. Laszlo Mihalik only noted with resignation: "The transformation law is in effect, and we act on that basis."

At any rate, Sasad's membership made a decision: Of 3,024 members, 2,274 were present on 1 March, 2,047 of whom chose transformation by secret ballot, with only 145 abstentions. The high value of each member's share of the huge distributed assets probably weighed more than all arguments of the opponents, including their claim that these stocks can be sold only for a price lower than their nominal value. True, Sasad executives informed the members in the preliminary meetings that although they think that the appropriate amount of dividends would only be 2 or 3 percent in the beginning, the value of the stocks may be increased by the firm's favorable financial indexes. The rate of exchange of the Sasad stocks is threatened at present mainly by the political dispute about the co-op vs. joint company and the issue of ownership.

The co-op members no doubt thought about this, too, in choosing not to take out their personal shares at nominal value from the co-op before the metamorphosis. At the time of the transformation, the co-op was using 1,300 hectares of private land for which it was paying land rent. The owners of these lands were allowed to choose between reclaiming their land from the co-op's arable lands or exchanging them for stocks. The value of one gold crown was calculated at 4,000 forints worth of stocks, one hectare was worth an average of five stocks, the dividends of which are expected to be twice as high as the land rent was. Incidentally, anyone who chose stocks may change his mind and reclaim his land within two years. In essence, the stocks were distributed according to the number of years worked as a member, and in small part according to the members' pay scale. Membership bonuses were turned into wages; instead of compensation for household plots, members were given 10 stocks in a total nominal value of 100,000 forints, and retired persons will be compensated with 10,000 forints annually until the end of their lives.

In a strange way, Sasad probably became the first big Hungarian firm that is owned almost entirely by its employees. This brand new joint company is really considered big not only because of its huge assets and business, but also to the fact that it has interest in 37 ventures, including five banks.

Regardless of whether or not the form of the joint company will provide "protection" against claims for compensation, transformation into a joint company may bring obvious benefits not offered directly by the co-op organization. But using foreign capital promises tax breaks for the firm on the one hand, and imported capital and technology on the other. The nonpersonal, jointly-owned part of the assets, worth .5 billion, is an obvious possibility for the transformation into a joint company; these assets must be sold within three years in accordance with the transformation law.

The new company will no doubt have to create a kind of peaceful coexistence with the local governments, if only for its own interest in obtaining building permits for many of its projects, from golf courses to container docks to huge shopping centers, that are issued only by the given area's local government. Sasad wants to include local governments as co-owners up to 10-15 percent, but some of them want a bigger share. The conflicts with the local government of Budaors, the location of Sasad's main office until now, led to a decision made at the statutory meeting to move the official main office to Budapest's District XI. As far as the new company's executives know, this move is expected to be beneficial because much higher tax rates were waiting for them in Budaors.

"We lost this round," said parliamentary representative Karoly Javor after the transformation. It is unclear as yet whom he meant by "we" and what Sasad's opponents think the next round will be like.

### Entrepreneurs Prepare for Macroeconomic Crisis

91CH0454C Budapest MAGYAR HIRLAP  
in Hungarian 9 Mar 91 p 9

[Article by Sandor J. Kiss: "Entrepreneurs' Organized Retreat: To Survive Everything Possible"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Within one or two weeks, a study entitled "Survival Aid for Private Ventures in Case of an Economic Collapse" will be in the hands of entrepreneurs. The survival aid was prepared by Janos Palotas, the National Association of Entrepreneurs president and Peter Szirmai, the associate president. The study is based on the still debatable assumption that the Hungarian economy is going to collapse and entrepreneurs must somehow survive.

The authors claim that small and beginning ventures in particular must be prepared, even at a 5-percent chance of a collapse, unequivocally stating that their recommendations are not addressed to the government, although economic leaders may also draw their own conclusions.

However, they are not, and cannot be absolutely certain in forecasting a collapse because they admit that it is difficult to express the probability of a catastrophe with figures. But there are many indications that the continuation of the present management practice will entail the macroeconomy's collapse.

That is the event for which the survival aid was prepared. It claims that losses can be reduced and that the chances for survival can actively be influenced if, in their ventures' hibernation, entrepreneurs choose the "lesser evil" instead of self-liquidation.

A lengthy discussion of the chances for the crisis to deepen is hardly productive, but two indexes exist which unequivocally warn the entrepreneurs about the pre-catastrophic situation. According to the authors, any kind of realistic economic calculations become impossible when the rate of inflation reaches 50 percent. When that happens, those in charge of the economy have little chance of stopping the self-determining inflationary spiral. Another sign of the economy's expected collapse is when production becomes an end in itself and its decrease reaches the critical threshold, which unlike in the previous period, cannot be compensated anymore by private entrepreneurs.

Preparing for a crisis is mastering an economic philosophy that is different from the customary, in addition to choosing, already before the crisis, a self-restraining, "freezing" business strategy. Thus, the entrepreneur must strive not for creating as large a market as possible but for retreating to areas where he will lose as little of the market as possible.

One of the first survival techniques is the "economic theory of noninvestment," which simply means giving up the present most modern, state-of-the-art technology.

Considering the unpredictability of investments, in addition to the lack of capital, this does not have to be explained in great detail to the small and mid-size entrepreneurs. Neither the time of returns nor the possible gains of investments can be estimated from incalculable expenses due to the rate of inflation. The authors offer this advice: At the time when the entrepreneur is considering a possible delay of investment, he must also reckon with the fact that he can buy much cheaper when the crisis hits bottom.

The other means of survival is to minimize expenditures; although this may result in lower production, this may be the price for survival. Minimizing expenditures must also include wages, because if decreased expenditures result in lower production, then there is less administrative work, meaning dispensable employees.... Although the authors admit that some may be loath to this idea, layoffs in such cases are painful but unavoidable.

Survival may be aided by the art of standing on several feet, by producing for preferred markets, as well as by optimizing the product and the activity; but perhaps the most important thing an entrepreneur must know is the technique of organized retreat. One reason why it is good to discuss this in more detail is that most ventures are threatened by the macroeconomy's collapse. Terminating a venture does not pay, because he who falls, falls twice; once when he sells the foundations of his venture at a low price, and the second time when he starts again at a time when prices are dictated by the demand market.

But the first thing anyone who chooses retreat must know is the tax system. One must know the points where the tax system levies taxes on investments and inflation. Those are the ones the private sector should leave at once. As an example, the authors mention investment in which, according to present regulations, venture profit tax is levied on amortization. This is why they recommend delaying investments, i.e., rapidly scrapping unused fixed assets.

The study is being supplemented, even today, with newer techniques, for example, that of paying attention to emerging credit guarantors, that of the possibility of partial billing, or that of transferring risks to insurance companies. Those who provide these ideas know that insurance premiums are still affordable, thus, it pays to buy insurance against possible disasters to cover the part of the venture, the loss of which would definitely lead to collapse. It is no accident that they also recommend watching out for adventurers' capital, because a foreign capitalist who has no markets outside of Hungary supposedly lacks a strong venture and only hopes to find his luck in this crisis.

At the end of the study, the authors raise the cardinal question of whether the entrepreneurs' preparation for a collapse is detrimental, only helping the collapse to materialize? The answer to this can only be what the philosophy of both the study and the entrepreneurs is,

namely, that survival lays the foundations for the following period, and it does indeed matter from what low point this period will start.

### Private Telecommunication Companies To Be Formed

LD2904143391 Budapest MTI in English 1209 GMT 29Apr 91

[Text] Budapest, 29 April 1991 (MTI-Econews)—The Hungarian Telecommunications Company (MATAV) is to develop a nationwide telephone network by early 1993 which can cope with a practically unlimited number of main lines, Sandor Krupanics, Matav's deputy general director, told the Monday edition of the Budapest daily the MAGYAR NEMZET.

Mr. Krupanics said Matav is going to give franchises to private companies to develop the telephone network in a particular area, enabling these districts to link up immediately with the nationwide network once it is complete.

Fifty-six such private companies are envisaged.

The Ministry of Transport and Telecommunications, the body responsible for granting concessions for district network developments, is likely to issue permits on condition that the exchanges used are made by Siemens and Ericsson, the two winners of a tender invited for developing Hungary's telephone network, Mr. Krupanics said.

He added that this precondition will apply only to telephone exchanges with a capacity of 10,000 or more lines.

Mr. Krupanics said over 2 million telephone lines will be installed in Hungary by 1994, double the 1990 level.

If another telephone tender is invited in the future, World Bank experts will be involved in the process, right from the announcement to the evaluation itself.

As Mr. Krupanics put it, the World Bank experts will be there to 'audit' the system, so as to avoid another row like the one which broke out after the winners of the latest tender were announced.

The senior MATAV official confirmed that his company would be converted into a PLC [public limited company] on July 1.

Plans for the future include foreign capital involvement in 1992 and privatization, at the same time maintaining a majority stake for the state and abiding by World Bank prescriptions.

These prescriptions stipulate that the proportion of Matav's own sources in the development of the Hungarian telecommunications network should exceed 40 percent, and the rate of return should be at least 22 percent.

## POLAND

### Founding of New Warsaw Mortgage Bank Noted

91EP0408C Warsaw RZECZPOSPOLITA  
(ECONOMY AND LAW supplement) in Polish  
23 Mar 91 p 1

[Article by Edmund Szot: "Real Estate: Warsaw Mortgage Bank Formed"]

[Text] "The idea of creating the Warsaw Mortgage Bank Company, began several months ago. The concept of the undertaking originated with administration representatives of seven sections of the capital, actually their mayors. The eighth founder-participant is to be the Ministry of Land Use Management and Construction, acting on behalf of the State Treasury." Minister Adam Glapinski made such a declaration.

"The goal of the new bank is to bring order to land use management in the city and Warsaw Voivodship. The practical implementation of real estate sales indicates that gmina officials do not have the necessary instruments available to convert real estate to private ownership, set prices, be able to sell it, enter into long-term leases, and so on," says Pawel Bujalski, the mayor of Wola, who is coordinating the work of the bank's founding members. "In addition, I think that this new mortgage bank, as the first of its type in Poland, should become a 'pressure group' to influence lawmakers to see that future legal regulations concerning the buying and selling of real estate adhere to the principals of a market economy."

It is more favorable for a gmina with land to draw credit through mortgages than to sell or lease it. The credit would be repaid out of new investment activity. The gmina would remain the owner of the real estate and any building constructed on it. Mayor Bujalski thinks that this is the most advantageous form. He also does not hide the fact that gminas are counting on filling their coffers.

In the Warsaw Mortgage Bank's draft statute, activities typical for both an investment bank and a commercial bank are listed. The bank intends to obtain land, build its own investments on it, and also to develop land and sell it, for example, for housing construction. The following operations are also listed as falling within its scope: the buying and selling of real estate by third parties in Poland and abroad for their own purposes, conducting investment operations on their own real estate or that of third parties in Poland and abroad, and acting as intermediaries in selling various sorts of firms, such as enterprises, companies, and craftsmen establishments. The bank plans to render services in the sphere of privatizing state enterprises and to manage real estate and funds of legal and physical persons. It plans to assess the value of enterprises and real estate, act as an intermediary in leasing the means of production, and also give expert opinion on investment undertakings in economic units.

According to Mr. Bujalski, the founding members realize that it is impossible to set up a mortgage bank in its pure form in the present economic and legal situation. The high interest rate, the interest itself, the formalized procedure for selling real estate to foreigners, and the requirement that bidding take place are only a few of the barriers. There is one more important element, the financial barrier.

When asked where the poor Warsaw gminas forming the bank would get the capital to found the bank, the mayor said that funds would have to be found. He thinks that a person who "comes" from abroad is an important source of incoming capital. The plan is to give this capital 49 percent of the stock. The first talks have already been conducted. Participants have included board members of the largest French banks, the state mortgage bank of Belgium, and a U.S. mortgage bank consortium.

The bank's founding members are optimistic. They think that the bank will even begin operations within a few months.

#### Outline of Credit Assistance for Farmers

91EP0408B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Mar 91 p 1

[Article by Edmund Szot: "Credit for Farmers: Too Little Too Late"]

[Text] Credit is one of the most important sources of income for farmers, especially, of course, preferential credit at a rate of interest below the current rate. The budget law for this year provides for the following financial assistance to agriculture:

- Direct aid to repay interest on credit incurred to buy chemical fertilizers and pesticides—1 billion zlotys.
- Assistance to repay part of the interest on credit extended for biological progress in agriculture, the purchase of land for agricultural purposes and farming the land, and buying up crops—1.32 trillion zlotys.
- Restructuring and modernization of agriculture and the food economy—1.8 trillion zlotys.
- Water for agriculture and rural areas—228.5 billion zlotys.

The first of the categories mentioned above bears an interest rate of 0.5 of the refinancing credit rate, that is, 36 percent, and the credit may be extended beginning in June, to be paid by 30 November of this year.

Borrowers enjoy still more favorable conditions for credit extended for biological progress, purchase of land and farm implements, and for investment outlays related to adapting farms to food production using ecological methods (which bears an interest rate of 15 percent). For buying up grain, rape, sugar beets, potatoes, and fruits and vegetables and for financing seasonal stocks of grain,

rape, sugar, meal, potato syrup, and partially or fully processed fruits and vegetables, the interest rate is 20 percent.

These rates of 15 and 20 percent will only apply when the refinancing interest rate is 50 percent or less. When this rate is higher, the preferential credit rate will increase by the difference between the current rate of interest and the 50-percent rate. Thus, if the rate is 72 percent, for example, then the preferential "15-percent" credit rate will be  $15 + (72-50) = 37$  percent.

Out of the 1.8 trillion zlotys allocated to restructure agriculture and the food industry, 1.1 trillion will go for preferential credit, and 700 million zlotys will be allocated to subsidize undertakings of particular significance (such as the dairy industry). Farmers who undertake a program to modernize their farms, farmers are laid off from jobs outside agriculture or are disposing of their farms and who undertake the purchase of farm products or the rendering of services to agriculture or agricultural food processing are eligible for preferential credit. This category includes units of the food industry and other economic organizations entering into lasting systems integrating agricultural products.

Financial resources to supply water to agriculture and rural areas will be transferred directly to the gmina administration and designated for subsidizing investments in this area.

According to the budget law, if the entire 1 trillion zlotys of what is called "fertilizer credit" is allocated to help repay interest, the total credit for this purpose could be more than double this amount, but for the time being, budget-financed resources are being allocated for the credit itself, not to help repay the interest. This amounts to not much more than 50,000 zlotys per hectare. There is great interest in this credit. During the first two weeks, beginning 15 March, farmers collected 280 billion zlotys.

Farmers' views on fertilizer credit is: "Too little too late." Besides, there is no fertilizer in the GS [gmina cooperative] warehouses.

#### Farming Profits, Equipment Purchases Decrease

91EP0408A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Mar 91 p 1

[Article by Edmund Szot: "The Market Is Stifling Agriculture: Its Grip Must Be Broken"]

[Text] Farmers are not a group particularly inclined to protest. The fact that they have decided to protest can lead us to the conclusion that they are finding themselves in a particularly difficult situation at the beginning of the season. The major cause of this state of affairs is the ever diminishing demand for food accompanying the increase in imports of farm products and food.

The drastic decline in purchases of the means of production, fertilizers, pesticides, tractors, and machinery, is

the result of the great decline in the farm population's income. Given the current price ratios and difficulties buying farm products, the purchase of the means of production for producing crops often just does not add up. Even if the farmer had the money, he does not know whether or not to use it to invest in expanded food production, because he could suffer a loss on it. It could also happen that he would have no buyers.

It is estimated that producers now have grain surpluses amounting to 1.17 million tons and potato surpluses of about 1 million tons. Some plants in the grain milling industry also have excessive stocks of grain. The grain plants in Elblag, Olsztyn, Szczecin, and Jaroslaw will probably not do any more buying through the end of this year, which includes the period following this year's harvest. The grain surpluses at these companies is estimated at 400,000 tons.

The potato industry is declaring this spring that a maximum of 100,000 tons of potatoes will be processed—the meal produced will increase current stocks—but the agricultural distilleries are not planning any spring wholesale purchases at all. In this situation, the only chance of handling the surplus of grain and potatoes is to designate it for fodder.

On the other hand, the prospects are not rosy for livestock production either. The raising of hogs for slaughter, the only highly profitable direction of farm production up until now, is rapidly losing its attractiveness. For several weeks, the price of hogs for slaughter has been dropping, and some packing houses are even reducing their buying. The cause? Overproduction. This year the supply of hogs for slaughter (2.3 million tons) is 150,000 tons higher than last year, and 100,000 tons of this occurs from the first six months of this year [as published]. The large supply of porkers is accompanied by a large supply of piglets. The person who advised eating pork with wheat meal no longer has the job of deputy prime minister. What is more, there probably would also be a shortage of meal.

Raising cattle still does not pay. Last year the number of head declined by 12.2 percent, and as a result there was a decline in buying milk and beef for slaughter. The figures are on the level of last year's. Despite this fact, the dairy market faces the barrier of demand, partly as the result of dairy imports.

There are no market prospects for sheep production. Lambs for slaughter and wool are not being bought.

Signals have appeared that poultry production will become less profitable, because egg prices are falling, and there are increasing difficulties selling live poultry for slaughter.

Fodder industry enterprises are refusing to take carcasses, which not only means the loss of a valuable raw material but also poses an ecological threat.

In the food industry, increased stock on hand is noted alongside declining production. The financial situation of the enterprises is exceptionally difficult. There are no funds for remodelling, modernization, or investment.

On state farms there has been a decline in real wages, and people are fearful of losing their jobs. The principles of privatization and reprivatization are not being accepted by the workers, who are expressing their dissatisfaction in strikes and protest actions.

The Department of Farm Policy in the Ministry of Agriculture and Food Economy notes that in the current situation a temporary recession in farm production is after all part of the cost of changing the economic system in Poland. The rate at which Polish agriculture is being degraded seems to indicate that this may be too high a cost. And it is not just among farmers that it is not being accepted. Society is not accepting it either. Therefore, it should be reduced as rapidly as possible, not by introducing guaranteed minimum prices, which are a present insertion into the market economy, but by credit with a reduced rate of interest, both buyers' credit to purchase the means of production and investment credit for certain fields of production, such as restructuring the dairy industry.

A second direction of action should be more protective tariffs on agricultural food imports, as well as support (for example, by subsidies funded by the Agency for Agricultural Marketing) for exports of surplus sugar and potato meal. Interventionist pork purchasing will probably be necessary to avoid a drastic decline in the profitability of raising pork for slaughter. The grain, wool, and potato markets will also need intervention.

The rate at which monopolies are dismantled in the agricultural realm should not slow up either. Economically efficient units adapted to the demands of a market economy must replace the giants with their multiple plants.

The state farms should have the long-range prospects for their future operation clearly laid out for them, and the work force of the state farms should be given ongoing information about the economic and financial situation of their farms and the steps being taken to improve it.

Stimulating the demand for food would be the best medicine for declining agriculture. This goal can be reached by simultaneously increasing the population's income and further reducing agricultural production costs, but this latter possibility appears now to be largely theoretical.

## ROMANIA

### Kiraly: 'Situation Has Improved' for Hungarians

*AU2904132391 Budapest NEPSZAVA in Hungarian  
25 Apr 91 pp 1, 3*

[Interview with Karoly Kiraly, deputy president of the Senate of the Romanian Parliament, by Katalin Decsi on

24 April; place not given: "A Hungarian-Romanian Summit Is in Our Common Interest"—first paragraph is NEPSZAVA introduction]

[Text] The Hungarian leadership should abandon the policy of [former Communist Party Secretary] Janos Kadar; we need a Hungarian-Romanian meeting at the highest level—said Senator Karoly Kiraly, who headed a delegation of the Democratic Association of Hungarians in Romania [RMDSz] which held negotiations in Hungary. The senator spoke to our correspondent following his discussions with the leaders of the Alliance of Free Democrats.

[Decsi] During your visit to Hungary you mentioned several times that the pressure has eased on the Hungarian minority in Romania. Can you support this statement?

[Kiraly] The situation has improved in a political sense mainly. The government started to address the nationality problems. Confrontations and the threat of pogroms have decreased, but many problems are still waiting to be solved. The legal regulation still leaves much to be desired.

At the same time, I see a difference in the other parties' attitude toward the minorities. For example, the National Peasant Christian Democratic Party adopted a thoroughly correct attitude. The RMDSz is respected by the Romanian public; the Hungarians have regained their previous good reputation in the eyes of the Romanians. The Romanians realized that they had been misled in many respects in connection with the Hungarians.

[Decsi] Is the RMDSz still under threat as a parliamentary party?

[Kiraly] If they maintain that parties and associations organized on ethnic or religious basis are unconstitutional, then I would say yes. At the same time, I am convinced that Romania is advancing on the road to democracy, and this question could also have a satisfactory solution then.

[Decsi] Which party is the real leading force in Romania?

[Kiraly] The party in power, which is the National Salvation Front [FSN]. Unfortunately, this is how they say it, calling themselves the ruling party instead of the governing party. This shows their lack of tact and lack of political feeling. The theory and practice of the FSN strikingly reminds me of the old Communist Party. This is where I see a great danger. The situation in Romania will not be satisfactory while Petre Roman is the head of the government and the leader of the Front at the same time. He is the embodiment of all extreme deviousness, including vestiges of Ceausescu.

[Decsi] Do you expect a second revolution in Romania?

[Kiraly] I do not know whether we will have a revolution, but I expect the government to fall. It is also conceivable that early parliamentary elections will be called. The economic problems created a huge dissatisfaction within the population. Shortly, hundreds of thousands of people will become unemployed, which is a great danger to the stability of Romanian society.

[Decsi] What problems should be tackled first in Transylvania?

[Kiraly] Romania as a whole needs a more democratic new government. We have to hold local elections, because it is impossible to have democracy in a country without that. The question of schooling and higher education are the most urgent tasks to be solved in Transylvania, not only for the Hungarian minority, but also for the other minorities.

[Decsi] How much do the tense Hungarian-Romanian interstate relations affect the fate of Hungarians in Romania?

[Kiraly] A great deal. Hungary should alter the policy of the Kadar era. In those days, it was appropriate not to receive Ceausescu in Budapest. Now, the two states, the two presidents, and the two government heads should approach each other, even if they find this very hard to do, or they do not see eye to eye in many things, or even in most questions.

Both sides have to insist on regulating their relations. Even though it is well-known, and I am absolutely certain, that our government is deliberately maintaining the bad atmosphere in Romania in order to release the inner tensions. This is a political diversion, a deliberate distraction of attention.

### Complex Director on Meat Production Problems

91BA0497A Bucharest ROMANIA LIBERA  
in Romanian 27 Mar 91 p 3

[Interview with Ion Stavri by Eugen Sasu; place and date not given]

[Text] [Sasu] Mr. Director, you have been in the business for a long time. You are managing a complex for raising and fattening hogs in Giurgiu. What is going on with the new prices for food products?

[Stavri] They should be a boon for the citizens. But for us producers they are no good at all. A kg of meat costs us more than the price at which we are selling it.

[Sasu] How is that? Last spring your selling price went up from 15 to 20 lei.

[Stavri] That was a state subsidy, and it was also granted to the enterprises for industrial processing of meat. It was very correct. It enabled us to make a profit of about 1 million lei until October of last year. But in November everything was upset. The liberalization of prices made us pay much more for everything we need. The price of

fodders alone was increased from 2.50 lei per kg to an average price of more than five lei. Our company consumes 300 tons of fodders a day, costing us about 750,000 lei more per day. It would have been normal for us to recalculate the operating cost and the selling price in order to cover the additional expenses caused by the new conditions, or for those additional expenses to be subsidized by the state. There was nothing of the kind, so that now instead of a profit of 1 million lei we have run into debt to the various suppliers for about 1 million lei.

[Sasu] What is your present production cost for meat?

[Stavri] About 51 lei per kg. Bear in mind that everything is more expensive, and not just fodders. Moreover, I think the price of fodders will go up even further because some low prices for bread grains are now being artificially maintained. I suspect the price of combined fodders will go up to 12 lei per kg, and then we will be producing meat at 100 lei per kg. Let us see who will be able to buy it. How many will have the money?

[Sasu] And so you are producing meat at 51 lei and selling it for 36 to 38 lei, losing 13 to 15 lei. What way do you see out of the impasse?

[Stavri] Within reasonable limits, let each complex set its own delivery price to the meat industry, which is our main customer. Then let these prices be negotiated, so that the state will grant subsidies only to these complexes companies. In this way, it would not be granting subsidies to each complex but only to the industry based on the price it buys meat from us and from its selling price to the public. If it can not be done that way, then nothing has been changed. We are called a commercial company for nothing as long as we cannot negotiate a collective labor contract and salaries because we do not know what incomes we will have. Want me to tell you something? We are an unauthorized sector. In industry the selling prices were negotiated according to the actual expenses. The government did not impose them in the case of passenger cars, for example. Prices are imposed on us regardless of our expenses. I understand that the state wants to protect the citizen in the case of this basic product called meat. But that protection should be carried to completion.

[Sasu] Let us sum up this point. As I understand it, the industry should pay you enough per kg for you to cover your production costs and make a small profit. Since that price is rather high, the state should subsidize the industry, that is, it should cover the losses from the sales of meat to the public. I understand protection of the purchaser in that sense.

[Stavri] Correct!

[Sasu] The trend is for the state not to subsidize. What shall we do?

[Stavri] Then let the state allow me to sell at my production cost. If my production cost is 100 lei, then I have to sell meat for 105 lei. If it is not purchased I will

lose, and we go bankrupt. We would still need that. Let the hog complexes start to close down in turn, and I expect that some of them will disappear in the next two to three years, especially the big ones that never were efficient. That is because it is now impossible to procure raw materials for such huge units, when we consider that even the market place is empty... And then it is also a matter of the high degree of wear and tear on the buildings and equipment. When repairs have to be made out of our own funds, which is not normal, they increase the production cost of meat at the producer's expense, and in the last analysis they burden the buyer's pocket-book. If we want to keep those units in existence, it would be logical to modernize and retool them solely with credits granted at very low interest rates (or none at all) staggered over a long period. If the disappearance of those complexes is desired...it is absolutely necessary for the government to define its position, because the hog complexes will go under without any real support. It is wrong to let "each one shift for itself" any longer.

[Sasu] You have become a commercial company. You have several possibilities as before. Why do you not take advantage of them?

[Stavri] Nothing has changed except the name of the complex. For the rest, we do not have permission to lift a finger without the higher-ups, especially with foreign partners. A delegation from Germany came to us and told us something like this: "If a specialist of ours came to work in this complex he would take to his heels after three days. If a Romanian specialist came to us he would become famous. With us he only presses a button and he has all he needs."

[Sasu] Can we not press a button too?

[Stavri] No. We have buttons, but they are out of order. A unit like ours cannot have a license for direct export. And the only product that we could offer is meat. If we had permission we would know how to distribute this product of ours. We would get very good fodders in exchange for it, which would mean more meat at lower costs. Meanwhile (let us hope it is temporary) meat is scarce in this country and it is a controlled product. And that may be a good thing in this stage, but we are losing out seriously—both we producers and you purchasers. My feeling is that zootechnology is still the Cinderella not only of agriculture but also of the entire economy. Otherwise I cannot explain why it is not going anywhere. We are even regressing. Nor can I explain how such a sector of vital importance to the public can be left by the government to stagnate. And that is not our fault—that of us who are producing meat. The culprits are somewhere above us where the destinies of the country are decided.

[Sasu] Will we reach the point of longing for meat?

[Stavri] Some have reached it and others will soon.

## YUGOSLAVIA

### Report on New Slovene Accounting Currency

91BA0599A Ljubljana DELO in Slovene 25 Apr 91 p 2

[Article by Stojan Zitko: "As of May, Slovenia Will Get Its Own Accounting Currency"]

[Text] As of 1 May, enterprises and banks, in conducting business with each other and with citizens, will be able to use a special accounting unit based on the European Currency Unit [ECU].

Ljubljana, 24 April—Legal and physical persons in our republic, beginning on 1 May, will be able to settle their mutual financial transactions in purchase and sales contracts with postponed payment, and in credit and deposit transactions over 30 days, on the basis of a special accounting unit (the SECU [Slovene European Currency Unit]). This is stipulated by a special republic decree that was adopted at the end of last week by the republic government, and is expected to be published in the official gazette on 26 April.

To put it simply, this is also a question of recognizing a sort of parallel accounting currency, while in the past, there have been frequent instances of enterprises calculating their obligations among themselves in terms of the dinar equivalent value of foreign currencies—primarily the mark. As the Republic Secretariat for Finance emphasizes, it should be particularly noted in connection with this that it is voluntary, and not mandatory, in defining mutual obligations.

If we consider the decree briefly, it is worth mentioning that the value of this special accounting unit, which, in view of its name, we could call the "Slovene ECU," will be determined on the basis of two indices. The average exchange rate for the ECU, set according to the exchange rate publication of the National Bank of Yugoslavia [NBJ], will be increased by the latest weekly average exchange rate for registered foreign exchange rights, which is published on Fridays by the Yugoslav Securities Exchange joint-stock company in Ljubljana (for example, last week it was 31.6). The decree also speaks of the possibilities in connection with one-time changes in the foreign exchange rate for the ECU (obviously, because of devaluations like the recent one); in that case, namely, the former value of the special accounting unit would be used until the publication of the new weekly average exchange rate for registered foreign exchange rights. Also important, certainly, is a provision that

should actually prevent unwanted interventions by the central federal authority (the NBJ) against the decree. Specifically, this has to do with the fact that the decree does not change the present system of legal means of payment.

The decree was obviously prepared in the greatest of secrecy, since only hints of anything like it could be heard before Dr. Mencinger's announcement yesterday. It is also true, however, that in the past some enterprises have inserted a foreign exchange clause in contracts, primarily in selling imported products on installment payments. For example, if we consider a certain television sold in this way in a certain Ljubljana store, as early as December all five installment payments were recalculated there to their dinar equivalent value of about 350 German marks. Purchase was nevertheless made easier in comparison with the present system, however, because in that case they proceeded from the official exchange rate of the dinar—at that time seven dinars per mark, and afterwards nine. After we began to discuss registered foreign exchange positions, such stores also began to take into account a higher exchange rate (above the official one) in setting their sales prices.

As we know, yesterday the Housing-Communal Bank, without citing the above-mentioned republic decree, also announced a decision by its board of directors that it would insert a foreign exchange clause in contracts for long-term loans. It is very likely that it will also refer to the ECU, which sums up intercurrence trends. We have already learned today at the Ljubljana Bank that it also will probably decide to introduce that accounting unit (the SECU) for citizens' deposits over 30 days.

As we learned from the Republic Secretariat for Finance, the working group that prepared the decree was headed by Dr. Joze Mencinger. The Secretariat emphasizes that this is exclusively an accounting unit, and still to be used on a voluntary basis.

Another special feature is that the decree speaks of obligations that are somewhat long-term ones, in this case, at least 30 days. One of the principal reasons for the adoption of the decision is also the fact that high interest rates would be avoided if people wanted to use them to have loans revalued, since a 50 or 60 percent interest rate is a virtually unacceptable financial burden.

The Ljubljana Bank thinks that the use of the SECU will eliminate the difficulties that have been caused by "two-part" interest rates: the larger part for revaluation, and the lesser part for the so-called real interest rate.

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